

**DRAFT****Annex 5****COVER NOTE****DRAFT PROCEDURE FOR IMPLEMENTING VOLUNTARY CANCELLATION IN THE CDM  
REGISTRY****I. Background**

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) in decision 8/CMP.7 paragraph 28, requested the administrator of the clean development mechanism (CDM) registry to provide for accounts in the registry to allow for the cancellation of units for administrative and other purposes.
2. At its sixty-eighth meeting the CDM Executive Board (the Board) agreed that the administrator of the CDM registry shall establish accounts in the CDM registry for the voluntary cancellation of certified emission reduction units (CERs) by project participants and for the cancellation of CERs for administrative purposes. The Board further requested the secretariat to prepare procedures for implementing these accounts for consideration at a future meeting.

**II. Purpose**

3. The purpose of this procedure is to establish an efficient, effective and transparent process for the cancellation of CERs in the CDM registry for voluntary purposes.
4. The procedure for the cancellation of CERs for administrative purposes will be integrated into other procedures to be developed subsequently.

**III. Key issues and proposed solutions**

5. Voluntary cancellation of CERs may be requested by project participants in the CDM registry for a specific purpose, including on behalf of a specific third party beneficiary. The project participants shall request the voluntary cancellation in accordance with the normal procedure for requesting forwarding of CERs, indicating the voluntary cancellation account in the CDM registry as the acquiring account.
6. For reasons of transparency, the secretariat shall issue an attestation of cancellation and publish information of voluntary cancellation transactions on the CDM website.
7. To avoid possible double counting of CERs, voluntary cancellation transactions are irreversible and CERs that have been voluntarily cancelled are no longer available for transfer out of the CDM registry, or to another account within it.
8. The secretariat shall not engage in any arrangements between interested actors in relation to such voluntary cancellation.
9. Project participants may submit information on CERs available for voluntary cancellation to the secretariat. The secretariat will make the information publicly available on the CDM website. Interested parties may contact project participants directly to make arrangements for voluntary cancellation.



**DRAFT**

**IV. Proposed work and timelines**

10. The secretariat will complete the necessary system modifications and process arrangements within two months from the adoption of this procedure.

**V. Impacts**

11. The procedure:
- (a) Simplifies and lowers the transaction cost of cancellation of CERs for voluntary purposes by project participants;
  - (b) Assists project participants in enabling voluntary cancellation of CERs in a transparent manner.

**VI. Recommendations to the Board**

12. The recommendation to the Board is to consider and adopt this procedure.

**DRAFT****DRAFT PROCEDURE FOR IMPLEMENTING VOLUNTARY CANCELLATION IN THE CDM  
REGISTRY****(Version 01.0)****I. Objective**

1. The objective of this procedure is to establish an efficient, effective and transparent process for the cancellation of CERs in the CDM registry for voluntary purposes.

**II. Scope and applicability**

2. This procedure describes the administrative steps to be followed by the CDM registry administrator and project participants for the cancellation of CERs in the CDM registry for voluntary purposes.
3. Project participants may request transactions of CERs based on decision 3/CMP.1, appendix D, paragraph 6 (c), through the relevant focal point(s) specified in accordance with the “CDM project cycle procedure”.

**III. Voluntary cancellation account**

4. The CDM registry administrator shall open and maintain a designated account in the CDM registry for the purpose of voluntary cancellation by project participants.
5. CERs transferred to the voluntary cancellation account in the CDM Registry may not be transferred further to other accounts in the CDM Registry or to accounts in national registries.

**IV. Cancellation of CERs for voluntary purposes****A. Requests for voluntary cancellation of CERs**

6. Project participants may request cancellation of CERs available to them in the pending account or in holding accounts in the CDM registry as a voluntary action on their own behalf or on behalf of third parties.
7. Project participants shall request cancellation of CERs for voluntary purposes by submitting the F-CDM-FWD form and by selecting the voluntary cancellation account as the acquiring account. Project participants shall indicate the purpose and/or the beneficiary of the cancellation.
8. The CDM registry administrator shall cancel the CERs in accordance with the project participants’ request and shall issue an attestation of cancellation to the project participants, indicating the serial numbers of the cancelled CERs, the purpose and/or the beneficiary of the cancellation as stated by the project participants. If the purpose and the beneficiary of the cancellation are not indicated in the F-CDM-FWD form, the attestation of cancellation will indicate that the CERs are cancelled for the originating CDM activity.
9. Voluntary cancellation transactions completed in accordance with project participants’ requests are not reversible.

**DRAFT**

10. The CDM registry administrator shall publish information on CERs cancelled for voluntary purposes, including the purpose and the beneficiary of the cancellation, on the UNFCCC CDM website.

**B. Information on CERs available for voluntary cancellation**

11. Project participants may submit information on CERs available for voluntary cancellation to the secretariat through a designated e-mail account, indicating the amount, the serial numbers and relevant contact information.

12. The secretariat shall publish the information submitted in accordance with paragraph 11 above in the CDM registry section on the UNFCCC CDM website. Interested actors should contact the project participants directly to make arrangements for voluntary cancellation.

13. The secretariat shall not be involved in making arrangements between interested actors.

- - - - -

**History of the document**

Version	Date	Nature of revision(s)
01.0	27 August 2012	Initial publication as an annex to the annotated agenda of EB 69
<b>Decision Class:</b> Regulatory <b>Document Type:</b> Procedure <b>Business Function:</b> Issuance		