



**Annex 4**  
**CONCEPT NOTE**  
**ON VOLUNTARY CANCELLATION IN THE CDM REGISTRY**  
**(Version 01.0)**

**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. This mandate was in response to the need for:

- (a) A straightforward and reliable mechanism for dealing with erroneous transactions;
- (b) A simplified and lower transaction cost process for cancellation of units for voluntary purposes without needing to transfer units outside the CDM registry;
- (c) Potential further needs for cancellation that may be identified in the future.

**II. Objectives**

2. The Board may wish to review the proposal for the establishment of cancellation accounts in the CDM registry for administrative and voluntary purposes and the corresponding implementation measures and to make recommendations or endorse the proposed approach.

**III. Proposal and implications**

3. This proposal addresses the need to provide mechanisms in the CDM registry for:

- (a) Cancellation of units issued as a result of administrative errors;
- (b) Voluntary cancellation of units by project participants.

4. In accordance with the Data Exchange Standards for Registry Systems under the Kyoto Protocol, the secretariat proposes to establish two separate accounts of type 230 “Voluntary cancellation account” for each purpose in order to ensure transparent accounting for cancelled units. The CDM registry administrator shall initiate cancellation of units for administrative purposes while project participants shall initiate cancellation of units for voluntary purposes.

5. For the purpose of voluntary cancellation of units by project participants, the secretariat proposes to issue attestations of cancellation and to publish regularly information on cancellation carried out in the CDM registry section of the CDM website. To support the take-up of voluntary cancellation, the secretariat could also maintain a simple information exchange system to facilitate bringing together the holders of units within the CDM registry and those who wish to voluntarily offset their emissions. The information exchange would involve these actors expressing their interest to the secretariat, which would make this information publicly available. The secretariat would not engage in matching expressed interests, nor would it engage in any possible arrangements between interested actors.

6. The implementation of cancellation accounts in the CDM registry is included in the CDM management plan for 2012. The secretariat will complete the necessary system modifications and process arrangements within two months.

-----



## History of the document

Version	Date	Nature of revision
01.0	2 July 2012	Initial publication as an annex to the annotated agenda of EB68
<b>Decision Class:</b> Regulatory <b>Document Type:</b> Information Note <b>Business Function:</b> Issuance		