

Annex 3

PROGRESS ON THE TRANSACTION LOG AND DATA EXCHANGE STANDARDS

I. BACKGROUND

1. COP8 adopted technical standards for the accurate, transparent and efficient exchange of data between national registries, the CDM registry and the transaction log. These complement the requirements for these registry systems contained in decisions 17/CP.7 and 19/CP.7 by providing for compatible electronic communication between them. Each transaction is to be facilitated by such communications, including the automated checks to be conducted by the transaction log on, inter alia, the issuance of CERs and transfers of CERs between registries.
2. These data exchange standards now require elaboration into more detailed specifications that may be compatibly implemented in all registry systems. This work will be undertaken in conjunction with the secretariat's development of the transaction log and in collaboration with technical experts from Parties, with a view to completing the specifications for the data exchange standards by COP 9. The implementation and testing of the transaction log is to be completed by COP 10.
3. The Board, at its seventh meeting, invited Ms. Sushma Gera and Mr. Xuedu Lu to continue following deliberations by the SBSTA on this issue and work relating to the CDM registry.

II. GUIDANCE BY THE EXECUTIVE BOARD ON THE CDM REGISTRY

4. The first certification reports, constituting requests for issuance of CERs, may be received by the Board as early as mid-2003. Such requests are therefore likely to precede the establishment of the transaction log and the elaboration of the specifications for the data exchange standards. In this context, the Board may wish to provide guidance on the following issues:
 - (a) The appropriate form of issuance action that may be taken prior to the establishment of the transaction log and the specifications for the data exchange standards. The issuance of CERs, on an interim basis, may be provided for through an interim CDM registry. Issuance may then be confirmed, in terms of all the requirements of decisions 17/CP.7 and 19/CP.7, once the transaction log and its automated checks are operational. In the meantime, it may be possible to allow accounts to be established in the CDM registry for Annex I Parties, and private and/or public entities from those Parties, into which CERs issued on this interim basis may be forwarded;
 - (b) The legal status of such interim issuance of CERs. Project participants need to be confident that CERs issued on such an interim basis will qualify as, or lead to, properly-issued CERs under the CDM at a later date. It is possible to explore legal options for enhancing such confidence, if necessary, through such means as a promissory note issued by the Executive Board;
 - (c) The necessary functions of an interim CDM registry. Prior to the elaboration of detailed specifications for the data exchange standards, the development of the CDM registry could initially focus on aspects of the registry that do not involve data exchange with other registry systems. In particular, such development work could include: account structure; interim issuance of CERs; calculation and separation of CERs for the share of proceeds; forwarding of CERs to accounts within the CDM registry; the link to CDM information management systems; and public accessibility. Subsequent development would need to include: links to national registries and the transaction log; transfers to accounts in national registries; and full security measures;
 - (d) Role of the secretariat. The secretariat is exploring options for developing the CDM registry, including the extent to which it may build upon existing registries software. Parallel development work is taking place within the secretariat on the information management databases and it will be

DRAFT

- 2 -

necessary that these are compatible with the CDM registry. The secretariat could continue to explore development options and their implications for the amount and timing of funding requirements.