

- (4) In order to ensure that Kyoto units and allowances can be held on the same Union Registry accounts, the Union Registry must conform to the functional and technical specifications for data exchange standards for registry systems under the Kyoto Protocol, adopted by Decision 12/CMP.1 of the Conference of the Parties to the UNFCCC serving as the Meeting of the Parties to the Kyoto Protocol.
- (5) Article 20 of Directive 2003/87/EC requires that an independent transaction log, the European Union Transaction Log (EUTL) is established to record the issue, transfer and cancellation of allowances. Article 6(2) of Decision No 280/2004/EC requires that information on the issue, holding, transfer, acquisition, cancellation and withdrawal of assigned amount units, removal units, emission reduction units and certified emission reductions and the carryover of assigned amount units, emission reduction units and certified emission reductions is made available to the transaction log.
- (6) Article 6 of Decision No 280/2004/EC requires the Union and its Member States to apply the functional and technical specifications for data exchange standards for registry systems under the Kyoto Protocol, adopted by Decision 12/CMP.1, for the establishment and operation of registries and the EUTL.
- (7) The Union Registry should contain the accounts required to implement the requirements of Directive 2003/87/EC. Each account should be created in accordance with standardised procedures to ensure the integrity of the registries system and public access to information held in this system. Allowances should be issued in the Union Registry.
- (8) Transactions with allowances within the Union Registry should be carried out through a communication link involving the EUTL, whereas transactions with Kyoto units should be carried out through a communication link involving both the EUTL and the United Nations Framework Convention on Climate Change (UNFCCC) International Transaction Log (ITL).
- (9) The EUTL should perform automated checks on all processes in the registries system concerning allowances, verified emissions, accounts and Kyoto units, and the ITL should perform automated checks on processes concerning Kyoto units to ensure that there are no irregularities. Processes that fail these checks should be terminated in order to ensure that transactions in the Union registries system comply with the requirements of Directive 2003/87/EC and the requirements elaborated pursuant to the UNFCCC and the Kyoto Protocol.
- (10) Adequate and harmonised requirements on opening of accounts, authentication and access rights should be applied to protect the security of information held in the integrated registries system and to avoid fraud. The review of these requirements should be considered in the future with a view to ensuring their effectiveness while taking into account proportionality. Records concerning all processes, operators and persons in the registries system should be kept.
- (11) The central administrator should ensure that interruptions to the operation of the registries system are kept to a minimum by taking all reasonable steps to ensure the availability of the Union Registry and the EUTL and by providing for robust systems and procedures to safeguard relevant information.
- (12) As allowances and Kyoto units exist only in dematerialised form and are fungible, the title to an allowance or Kyoto unit should be established by their existence in the account of the Union Registry in which they are held. Moreover, to reduce the risks associated with the undoing of transactions entered in a registry, and the consequent disruption to the system and to the market that such undoing may cause, it is necessary to ensure that allowances and Kyoto units are fully fungible. In particular, transactions cannot be reversed, revoked or unwound, other than as defined by the rules of the registry, after a moment set out by those rules. Nothing in this Regulation should prevent an account holder or a third party from exercising any right or claim resulting from the underlying transaction that they may have in law to recovery or restitution in respect of a transaction that has entered a system, e.g. in case of fraud or technical error, as long as this does not lead to the reversal, revocation or unwinding of the transaction. Furthermore, the acquisition of an allowance or Kyoto unit in good faith should be protected.
- (13) Since it may be desirable to provide for additional account types or other means that would facilitate the holding of allowances or Kyoto units on behalf of third parties, or the taking of a security interest in them, these issues should be examined in the context of a future review of this Regulation.
- (14) In accordance with Directive 2003/4/EC of the European Parliament and of the Council of 28 January 2003 on public access to environmental information and repealing Council Directive 90/313/EEC <sup>(1)</sup> and Decision 13/CMP.1, specific reports should be made public on a regular basis to ensure that the public has access to information held within the integrated system of registries, subject to certain confidentiality requirements.

<sup>(1)</sup> OJ L 41, 14.2.2003, p. 26.