

Para 5 Authorisation of legal entities

1. A Party included in Annex B may authorise legal entities to participate in emissions trading under its responsibility, in accordance with the rules set out in paras 6 to 10 below, if the Party:

a) is in compliance with the provisions of para 4 above,

b) has established and maintains a national system for accurate monitoring, verification, accountability and allocation of parts of assigned amount to any legal entity it chooses to authorise. Guidelines on the establishment, maintenance and international compatibility of these national systems are included in Appendix A to these principles, modalities, rules and guidelines.

2. Participation of legal entities in emissions trading under Art. 17 KP does not affect the responsibility of the Parties included in Annex B for the fulfilment of their commitments under the KP.

Para 6 Definition of parts of assigned amount

1. Transfers and acquisitions of any part of an assigned amount (PAA) by a Party or legal entity that the Party has authorised to participate under its responsibility, shall be denominated in units of one metric ton of carbon dioxide equivalent calculated using the global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Art. 5 KP.

2. Each PAA unit shall be identified by a unique serial number that indicates its Party of origin and its associated commitment period.

3. An invalidated PAA unit, as referred to in para 11 below, cannot be used to meet any Party's commitment under Art. 3 KP, and cannot be further transferred or acquired.

Para 7 Registries

1. Any Party included in Annex B participating in emissions trading under Art. 17 KP or authorising any legal entity to participate in emissions trading under the provisions of para 5 above, shall establish and maintain a national registry which accurately records all holdings, transfers, and acquisitions of any part of an assigned amount by the Party and its authorised legal entities. Information maintained in such a national registry shall be publicly accessible.

2. Guidelines on the establishment, maintenance and international compatibility of national registries are included in Appendix B to this text.

Para 8 Market mechanisms and Transparency

1. Transfers and acquisitions of part of an assigned amount between Parties may take place through an exchange. This exchange shall also be open to legal entities.

2. Any Party wishing to transfer or acquire any part of an assigned amount must publish the amount to be transferred prior to the transfer.