

Eligibility

4. Parties included in Annex B shall be eligible to "transfer" or "acquire" part of the assigned amount, if they:
- (a) are in compliance with Articles 3, 5 and 7 of the Protocol and are responsible for meeting their commitments under the Protocol;
 - (b) are not in violation of the compliance procedures as referred to in Article 18 of the Protocol;
 - (c) have a transparent national system for registration and verification of such "transfers" and "acquisitions".

Supplementarity

5. The design and implementation of any system under Article 17 must not in any way compromise the modification of longer-term trends in GHG anthropogenic emissions and concentrations. Commensurate non-compliance processes must be put in place. Annex B Parties access to Article 17 should be contingent on satisfaction of prescribed domestic effort in fulfilment of commitments under Article 3.

Climate Change Effectiveness

6. Any system established under Article 17 of the Protocol shall contribute to and bring about real, measurable and long-term benefits related to mitigation of climate change. It should not lead to overall increase in the GHG emissions of the developed country Parties.

Rules

7. The rules to be formulated must conform to the principles. Rules have to determine that part of the assigned amount which would be transferable by an Annex B Party to another acquiring Annex B Party under Article 17. The rules will lay down the conditions which must be fulfilled before any such transfers and acquisitions can occur. The rules will ensure that no right, title or entitlement in any manner gets attached to the assigned amount or any part of the assigned amount which is transferred or acquired.

Modalities

8. Any Annex B Party participating in the system to be established under Article 17 shall establish and maintain a transparent national registration of "transfers" and "acquisitions". Such information shall be communicated regularly to the Convention Secretariat. Annex B Parties participating in the transfers and acquisitions of parts of assigned amounts under Article 17 of the Protocol, shall include in their national inventory, to be communicated to the Secretariat under Article 7.1 of the Protocol, information on any part of an assigned amount added to or removed from its national registration during the relevant year. If an Annex B Party is in non-compliance with its commitments, that part of the assigned amount that has been "transferred" shall be invalidated.