



Bern, 4 December 2019

## Important information on the Swiss Emissions Trading Registry

Dear Sir or Madam

We would like to inform you about the following new developments with respect to the Swiss Emissions Trading Registry (EHR).

### Partial revision of the Ordinance on the Reduction of CO<sub>2</sub> Emissions (CO<sub>2</sub> Ordinance)

The partially revised Ordinance on the Reduction of CO<sub>2</sub> Emissions ([CO<sub>2</sub> Ordinance](#)) enters into force on 1 January 2020. Full information can be found in the [explanations](#) on the CO<sub>2</sub> Ordinance. The key changes affecting the EHR are summarised below:

#### Auction of emission allowances

Arts. 47 to 49a govern the auction of emission allowances. From 1 January 2020 onwards, installation and aircraft operators within the Swiss and European Union (EU emissions trading system (ETS)), installations operators from the EU, as well as companies from the European Economic Area (EEA) authorised to participate in auctions in the EU, are eligible for admission to auctions of emission allowances for installations (CHU2) and emission allowances for aircrafts (CHUA, also known as aCHU). Participants must hold an account as described in Art. 57 para. 1 or 1<sup>bis</sup> CO<sub>2</sub> Ordinance, and must have registered at least one auction agent and one bid validator each. Detailed information on auctions can be found in the updated [Fact sheet: auction of emission allowances](#).

The entry into force of the partially revised CO<sub>2</sub> Ordinance brings with it an update to the [General Terms and Conditions for Auctions](#), also effective as of 1 January 2020.

#### Stricter requirements for operator and personal holding accounts with regard to account-opening procedures and management

- Under the agreement with the EU, all users (i.e. including users of operator holding accounts) will now have to submit up-to-date criminal record certificates (Art. 49 para. 1 a and b, and Art. 58 para. 2 d and e). Confirmation from a notary may also be provided to the FOEN instead of an extract from the Swiss criminal records. In this confirmation, the notary attests that the individual has no convictions in connection with the offences listed in Art. 59a para. 1 b of the CO<sub>2</sub> Ordinance, and that the extract from the Swiss criminal records is genuine.
- From now on, as is the case with personal holding accounts, the supporting documents that must be submitted along with the request form for operator holding accounts (i.e. extracts from the commercial register, proof of identity, etc.) must also be authenticated. Copies of documents issued outside of Switzerland are subject to secondary certification of authenticity. The date of the documents that are to be submitted, as well as that of the official authentication and secondary certification of authenticity, may be no more than three months prior to the date the request is submitted (Art. 58 para. 6).
- A further development is that all auction agents and bid validators must designate an address for service in Switzerland or the EEA (Art. 59 para. 2).
- When the new rules take effect, account holders will have to have an open bank account in Switzerland or the EEA, as well as a registered office (Art. 59 para. 3 for companies) or place of residence (Art. 59 para. 4 for individuals) in Switzerland or the EEA. Exceptions apply to aircraft operators from third countries that are subject to FOEN administration.

- Furthermore, all users will now have to have registered a unique, personal email address in the EHR. The system prevents the entry of an email address that already exists in the system.

#### Changes affecting personal holding accounts

At any given time, it will be possible to hold a maximum of one million emission allowances in one or more accounts belonging to each personal holding account account holder. The position limit applies overall to holdings of both Swiss and European emission allowances (Art. 57 para. 5).

Account holders of personal holding accounts with their registered office or place of residence outside Switzerland or the EEA must designate a registered office or residence in Switzerland or the EEA within 12 months of the entry into force of the partially revised CO<sub>2</sub> Ordinance. Should they fail to do so, the FOEN may close the accounts in question under Art. 64 of the CO<sub>2</sub> Ordinance (Art. 142a).

#### New factsheet on EHR account management

In view of the changes to the partially revised CO<sub>2</sub> Ordinance, a [Fact sheet: EHR account management](#) has been drawn up to give an overview of the requirements for each account type.

### **Changes in the General Terms and Conditions as of 1 January 2020**

The [General Terms and Conditions](#) for the Swiss Emissions Trading Registry have been updated with effect from 1 January 2020.

### **New version of the EHR software**

The software used by the EHR has been upgraded to a new version, in particular to implement the requirements of the partially revised CO<sub>2</sub> Ordinance and the updated General Terms and Conditions. We would like to draw your attention to the following new features:

#### Introduction of mandatory transaction delay

From 1 January 2020, the transaction delay that has been optional up to now will be mandatory for all accounts. Detailed information on the transaction delay function can be found in the Annex to this letter, as well as in the frequently asked questions on the [EHR website](#).

#### Display of serial numbers

With the exception of the country code and information on the applicable commitment period, details of the serial numbers of emission allowances (CHU2, CHUA, EUA, EUAA) are no longer available either to users or in public reports. The display of serial numbers of attestations (CHA) and Kyoto units remains unchanged for users, although details of the serial numbers of Kyoto units are also hidden in the public reports.

#### New version of the User Guide

User guides have been revised, and are available to users in the main menu of the EHR's secure area.

### **Linking of the Swiss and EU emissions trading systems (ETS)**

#### Technical link between Swiss and EU emissions trading systems

The [agreement to link the emissions trading systems \(ETS\) of Switzerland and the EU](#) (in German, French or Italian) is due to enter into force as planned on 1 January 2020. An electronic link between the Swiss EHR and the EU is required to link the two emissions trading systems at the technical level. This link must satisfy high operational and security requirements, and implementing it in partnership with the EU is taking more time than planned. Assuming the agreement enters into effect on 1 January 2020, it is likely that a registry link will not be available until May 2020. In an initial phase, the registry link will make transfers between the Swiss Registry and the EU only at fixed times, at least once a month. In practice, this means that all transactions validated by the transaction validator which involve Swiss or European

emission allowances, and which are going to a destination account in the other registry, will be transferred to the registry in question once a month at a predetermined point in time. The exact timing will be communicated in good time. This transitional solution will probably be in place for at least a year. Meanwhile, transactions within the EHR will be carried out as usual. Transactions involving international emission reduction certificates (e.g. CER) between the Swiss EHR and the EU will also be executed as they have been to date, as they continue to be routed via the UN Climate Change Secretariat (UNFCCC) International Transaction Log.

#### Mutual recognition of emission allowances for EHS participants

Assuming the agreement enters into force on 1 January 2020, emissions that are generated within the Swiss EHS as of 1 January in calendar 2020 may now also be covered by European emission allowances up to the surrender deadline of 30 April 2021 (this will also apply for the first time to aviation). However, emissions within the Swiss EHS that originate from 2019 cannot be covered by European emission allowances up to the surrender deadline of 30 April 2020. These arrangements are necessitated by the fact that the registry link is unlikely to be available until May 2020. In addition, safeguards must be in place to ensure that the sectors involved in the Swiss EHS (installations and aviation), as well as participants in the Swiss and EU ETS, are treated equally.

#### **General information**

We recommend that all customers register at least two individuals per user role (account representative, transaction validator, auction agent, bid validator) and account. This allows transactions to be carried out and auction bids submitted even if one of the users is absent.

If you have not received an email sent from the [emissionsregistry@bafu.admin.ch](mailto:emissionsregistry@bafu.admin.ch) address, please check the spam folder for your email account.

Please also note the [security guidelines](#) and [FAQ](#) for the Swiss EHR.

The Registry team will be happy to answer any questions you may have:  
Tel.: +41 58 462 05 66, email: [emissionsregistry@bafu.admin.ch](mailto:emissionsregistry@bafu.admin.ch)

Sincerely yours,  
The Swiss Emissions Trading Registry

### **Annex: Explanatory notes on the transaction delay**

Any transaction originating from an account will be carried out at the earliest 24 hours after the customer has validated the transaction (the only exception being transactions on a Swiss government account). Transactions subject to the transaction delay will be executed as follows from Monday to Friday (working days) at 12 noon in each case:

- Upon confirmation from a transaction validator **before** 12 noon on a working day: execution of the transaction on the next working day
- Upon confirmation from a transaction validator **after** 12 noon on a working day: execution of the transaction on the working day following the next working day

Under these rules, transactions that would be executed on an official holiday or on a working day on which the EHR help desk is closed for other reasons will be executed on the first working day thereafter. Official holidays and planned closures will be announced at least 5 working days in advance on the home page of the Swiss EHR.

Registered account holders and users of affected accounts can notify the FOEN by 10 am on the day of the expected execution of a deferred transaction that the transaction should be cancelled. The notification must be sent by email to the EHR help desk ([emissionsregistry@bafu.admin.ch](mailto:emissionsregistry@bafu.admin.ch)). The transaction will only be cancelled if the following are provided:

- Exact transaction number (example: CH-00000)
- Justification for cancelling the transaction

Central European Time (CET/CEST) applies to all the times mentioned above.