

## AUTHORISATION ABSENCE OF DOUBLE VALIDATION PRINCIPLE

Through this document, Mr/Ms [name and surnames of the Legal Representative], acting in their capacity as Legal Representative of [indicate Account Holder]<sup>1</sup> (hereinafter, the "Account Holder"), and in relation to the account(s) held by them in the Spanish Area of the Union Registry, number(s) EU-[complete account number(s)], notifies Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (hereinafter, "IBERCLEAR"), pursuant to article 20.4 of Commission Delegated Regulation (EU) 2019/1122, of 12 March 2019, which completes Directive 2003/87/EC of the European Parliament and of the Council on the operation of the Union Registry, which establishes the following:

*"The account holders may decide that the approval of a second authorised representative is not necessary to propose the execution of transfers to the accounts on the trusted accounts list established in accordance with article 23. The account holder may revoke that decision. The decision and the revocation of the decision shall be communicated to the national administrator by means of a duly signed declaration".*

That they authorise and agree that the approval of a second authorised representative is not necessary to propose the execution of transfers to the accounts on the trusted accounts list previously registered by the Account Holder, so that such transfers may be executed with the intervention of only one of the representatives.

Likewise, they declare that they are fully aware of the risks derived from this change in the execution of the transactions originating in the aforementioned accounts, detailed in the Annex to this document.

In [town/city], on [select date]

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[name and surnames of Legal Representative]

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<sup>1</sup> Name of the Holder of the account opened in the Spanish Area of the Union Registry.

## **ANNEX - INFORMATION RELATING TO THE MODIFICATION OF THE CONFIGURATION TO EXECUTE TRANSFERS THROUGH THE AUTHORISATION OF ABSENCE OF THE DOUBLE VALIDATION PRINCIPLE.**

Article 20.4 of Commission Delegated Regulation (EU) 2019/1122, of 12 March 2019, which completes Directive 2003/87/EC of the European Parliament and of the Council, with regard to the operation of the Union Registry, establishes that account holders may decide that the approval of a second authorised representative is not necessary to propose the execution of transfers to the trusted accounts list, and they may revoke that decision. Both the decision and the revocation of the decision shall be communicated to the national administrator by means of a duly signed declaration.

The double validation principle consists of the obligation for a transaction proposed by an authorised representative be reviewed and validated by another different authorised representative, so that the execution of a transaction does not depend on a single person.

Also, the trusted accounts list is a tool that allows transactions proposed in the Union Registry to become more secure, so the holder confirms they know the destination account of an intended transaction with emission allowances, as well as their owner, by prior addition to the trusted accounts list. Once said account has been added, the operation to execute transactions is immediate, subject to the time window defined by article 35.2 of the aforementioned Delegated Regulation (from 10:00 a.m. to 04:00 p.m.). This list, together with the use of the double validation principle, establishes the environment of the Union Registry as an environment to carry out secure transactions, avoiding errors when entering the data of the destination account, as well as fraudulent conduct, the result of which would be the execution of unwanted transfers by the account holder.

Consequently, the elimination of the double validation principle implies a reduction in the security levels established by community regulations to operate from the account, and particularly the following:

1. The execution of the transfer to the destination account will be immediate, and cannot be interrupted, once the authorised representative approves the task in the Spanish Area of the Union Registry.
2. Once the transaction is executed, it will be considered to be final and irrevocable and cannot be cancelled<sup>2</sup>. In addition, its consignment in the destination account will be presumed to be accurate and valid, the transfer of rights taking place at the time of its registration in the Registry, which produces the corresponding effects as long as the judicial declaration of its inaccuracy or nullity is not registered.
3. In accordance with article 21.5 of Law 1/2005 of 9 March, which regulates the regime for trading greenhouse gas emission allowances, as well as article 13 of Royal Decree 1264/2005, of 21 October, which regulates the organisation and operation of the national registry of emission allowances, the ownership published by the registry is presumed to be legitimate and the third party that acquires from whoever is registered, for onerous title and without bad faith, will not be subject to claims nor serious fault.

The increased risk associated with the absence of the double validation principle is a decision of the holder, and could be mitigated by measures associated with the control of the trusted accounts list<sup>3</sup>, to be assessed by them.

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<sup>2</sup> With the exception of the transactions to deliver or eliminate emission allowances that meet the conditions stipulated in article 58 of the Delegated Regulation.

<sup>3</sup> Periodic and regular review of the trusted accounts list, to eliminate obsolete accounts or supervise the inclusion of new accounts.