

**Appendix No. 2
to the Contract on the Establishment and Maintenance of an
Account in the Emission Trading Registry**

**Terms and Conditions
of the Information System of the Registry
for Greenhouse Gas Emission Allowance Trading
(hereinafter “ISR Terms and Conditions”)**

Revision 14 – May 2018

**This document serves solely for internal purposes. Only Czech documents
shall be used for entering into contracts.**

1	GENERAL PROVISIONS	3
1.1	INTRODUCTORY PROVISIONS	3
1.2	TERMS AND DEFINITIONS.....	3
1.3	CHANGES IN TERMS AND CONDITIONS	4
1.4	ISR OPERATION	5
1.5	COMMUNICATION WITH THE REGISTRY ADMINISTRATOR	5
1.6	PROCESSING AND PROTECTION OF PERSONAL DATA	5
2	SECURE ACCESS TO ISR	6
2.1	USER ACCESS TO ISR	6
2.2	COMPUTER AND NETWORK SECURITY.....	6
2.3	SMS AUTHENTICATION	7
2.4	PREVENTION OF ACCOUNT ACCESS	7
2.5	CHANGE OF ACCESS PASSWORD.....	7
2.6	ISR USER MANUAL	7
3	ACCOUNT AND PARTICIPANT ADMINISTRATION.....	9
3.1	OPENING AN ACCOUNT, IDENTIFICATION OF THE APPLICANT	9
3.2	UPDATING AN ACCOUNT.....	10
3.3	CLOSING AN ACCOUNT	11
3.4	UPDATING VERIFIED EMISSIONS	11
3.5	BLOCKING AND UNBLOCKING AN ACCOUNT	11
3.6	WITHDRAWAL FROM THE CONTRACT	12
3.7	NOTIFICATION ABOUT CHANGE IN ACCOUNT HOLDER	12
3.8	INSTALLATIONS	13
3.9	SPECIFICATION OF CONTRACTUAL PROVISIONS	13
4	MONITORING OF TRANSACTIONS AND SYSTEM ADMINISTRATION	14
4.1	EVENT RECORDING AND OPERATION MONITORING	14
5	PREPARATION AND PROCESSING OF INVOICING DOCUMENTS.....	15
5.1	FEES CHARGED TO ACCOUNT HOLDERS BY THE REGISTRY ADMINISTRATOR	15
5.2	TERMS OF INVOICING.....	16
5.3	TERMS OF PRICES INVOICING	16
6	CLAIMS.....	17
6.1	SETTLEMENT OF CLAIMS	17
7	REGISTRY BOARD.....	18
7.1	ACTIVITIES AND POWERS OF THE REGISTRY BOARD	18

1 GENERAL PROVISIONS

1.1 Introductory provisions

- 1.1.1 Act No. 383/2012 Coll., on Terms of Greenhouse Gas Emission Allowance Trading established OTE, a.s. (hereinafter referred to as the "Registry Administrator") as a national registry administrator of the standardised Union Registry for trading with allowances for the emission of greenhouse gases (hereinafter referred to as the "Registry").
- 1.1.2 Act No. 253/2008 Coll., on selected measures against money laundering and terrorism financing established the national administrator of the Emission Trading Registry as an obligated entity.
- 1.1.3 The national registry administrator as an obligated entity keeps information about persons, which have an account in the Emission Trading Registry, including a contract and specific documents, which are required for the opening of an account, information related to the control of an account holder, and performs duties of an obligated entity in accordance with the Act No. 253/2008 Coll., on selected measures against money laundering and terrorism financing.
- 1.1.4 Registry Administrator follows the legal regulations of the European Communities, which are in particular:
 - 1.1.4.1 Directive 2003/87/EC of the European Parliament and of the Council, as amended, imposing upon the Member States the obligation to ensure establishment and maintenance of the Registry with the aim of securing accurate records of the issue, holding, transfer and cancellation of allowances.
 - 1.1.4.2 Commission Regulation (EU) No. 389/2013 of 2 May 2013 establishing a Union Registry pursuant to Directive 2003/87/EC of the European Parliament and of the Council, Decisions No 280/2004/EC and No 406/2009/EC of the European Parliament and of the Council and repealing Commission Regulations (EU) No. 920/2010 and No. 1193/2011.
 - 1.1.4.3 Directive 2005/60/EC of the European Parliament and of the Council on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.
- 1.1.5 The text of the ISR Terms and Conditions shall refer to legal enactments mentioned above and shall define supplementary terms of Registry administration.

1.2 Terms and definitions

- 1.2.1 EU Login – European Commission Authentication Service;
- 1.2.2 ISR Helpdesk – telephone user support operated daily from 6:00 to 22:00; the Helpdesk telephone numbers are posted on the Registry website;
- 1.2.3 Central Registry Administrator – appointed by the European Commission to maintain the Independent Transaction Log for recording the issue, transfer and cancellation of allowances;
- 1.2.4 ISR – information system of the Registry for trading greenhouse gas allowances;
- 1.2.5 ITL TU – ITL Terms of Use issued by UNFCCC Secretariat;
- 1.2.6 Ministry – Ministry of the Environment of the Czech Republic;
- 1.2.7 Monitoring Plan – a sum of binding procedures to monitor and report data on CO₂ emissions or tonne-kilometres;
- 1.2.8 Regulation – European Commission Regulation (EU) No. 389/2013 of 2 May 2013 establishing a Union Registry pursuant to Directive 2003/87/EC of the European Parliament and of the Council, Decisions No 280/2004/EC and No 406/2009/EC of the European Parliament and of the Council and repealing Commission Regulations (EU) No. 920/2010 and No. 1193/2011, as amended;
- 1.2.9 Commercial Register - commercial register under the Act No. 304/2013 Coll., on public registers of legal entities and individuals; for subjects not registered in this register other register or evidence, in which they are registered is used.

- 1.2.10 Computer – any equipment used to access the ISR;
- 1.2.11 Permit – an enforceable decision of the Ministry of the Environment permitting greenhouse gas emissions and determining the terms of their monitoring, reporting and verification;
- 1.2.12 Allowance – emission unit/quota used in the Community Trading Scheme (EU ETS) corresponding to a right of an operator or an aircraft operator to emit an equivalent of one tone of carbon dioxide;
- 1.2.13 Aircraft Operator – an entity operating aircraft pursuant to the Act; in the event such entity is not known or the aircraft owner has not identified it, the aircraft owner shall be deemed aircraft operator;
- 1.2.14 Installation Operator – a legal entity that actually operates the installation; if there is no such entity, the installation owner shall be deemed installation operator;
- 1.2.15 Union Registry – a unified Registry of the European Union operated by the European Commission;
- 1.2.16 Directive – Directive No. 2003/87/ES of the European Parliament and of the Council, as amended, imposing upon the Member States the obligation to ensure establishment and maintenance of the Registry with the aim of securing accurate records of the issue, holding, transfer and cancellation of allowances;
- 1.2.17 Contract – Contract for Account Opening and Maintenance in the Registry for Greenhouse Gas Emission Allowance Trading and Rules Governing Respective Relations;
- 1.2.18 Registry Administrator – national Registry administrator;
- 1.2.19 Registry board – a joint managing body comprised of two representatives of the Ministry of the Environment and two representatives of the Registry Administrator;
- 1.2.20 Registry website – the website can be accessed at <https://www.povolenky.cz>;
- 1.2.21 Act – Act No. 383/2012 Coll., on Terms of Greenhouse Gas Emission Allowance Trading, as amended;
- 1.2.22 Installation – a stationary unit in which one or more activities are performed that contribute to the production of emissions. The amount of installations is restricted by legislation;
- 1.2.23 Account request - an account request for the establishment and maintenance of the account in the Registry. The decisive date of account request, the applicant shall register on the website of the Registry and this account request shall be sent by the information system of the Registry to the registry administrator for approval. PDF file generated after sending the account request and the user's email address becomes Appendix No. 1 - Representatives for Communication to the Contract. This file may be also downloaded after logging into the Union Registry.

1.3 Changes in terms and conditions

- 1.3.1 The Registry Administrator shall be obligated to amend ISR Terms and Conditions with respect to any changes in legal standards and shall have the authority to make changes to ensure proper functioning of the Registry. A list of amended sections of the ISR Terms and Conditions (or articles) is part of the published information about new draft ISR Terms and Conditions. The Registry Administrator reports the proposed draft via the Registry website.
- 1.3.2 The Registry Administrator shall post any proposals for changes in the ISR Terms and Conditions reflecting account holders' comments for a minimum period of 14 calendar days and in a manner allowing for remote access. Thereafter, such proposals shall be submitted within 28 calendar days of being made public, together with an assessment of received comments, for approval by the Registry board.
- 1.3.3 The Registry board shall express its opinion on the changes in the ISR Terms and Conditions within 14 days after the submission of the proposal for changes in the ISR Terms and Conditions under Article 1.3.2.
- 1.3.4 Following approval of the ISR Terms and Conditions or changes thereto by the Registry board, the Registry Administrator shall post the final version thereof on the Registry website within two business days. The latest ISR Terms and Conditions become binding for the Registry Administrator, account holders and new account applicants and become effective as of the day stipulated in the respective amendment to the Terms and Conditions.

1.4 ISR operation

- 1.4.1 The Registry is in operation 24 hours a day, seven days a week. Transactions requiring to check the limit times of their submission to the ISR shall be marked with a time mark based on the Coordinated Universal Time (UTC) time zone. The Registry operation may, in some instances (installation of new versions, system maintenance, etc.), be interrupted in a planned manner for a period necessary. Any scheduled interruption (shut-down) of operations shall be announced on the Registry website at least 48 hours prior to the shut-down. The notification shall precisely specify the shut-down date and duration.
- 1.4.2 The user manual for account holders, which describes the principles of working with the ISR, shall be posted on the Registry website. Registry administrator sends link to the full version of the user manual to a registered user for an email request.

1.5 Communication with the Registry Administrator

- 1.5.1 All of the Registry Administrator's informative e-mails are sent from the address povolinky@ote-cr.cz.
- 1.5.2 Electronic invoices – tax documents for charges pursuant to Article 7.1 are sent from the address fakturace-isr@ote-cr.cz
- 1.5.3 All matters involving contractual relationships shall be resolved via the address povolinky-registrace@ote-cr.cz.
- 1.5.4 Email messages that are automatically generated by the Union Registry, are sent from the address CLIMA-EU-ETS-REGISTRY-PROD@ec.europa.eu.
- 1.5.5 Email messages that are automatically generated by the European Commission Authentication Service (EU Login), are sent from the address automated-notifications@nomail.ec.europa.eu.
- 1.5.6 The Registry Administrator or Central Registry Administrator shall never ask the users to provide their passwords.
- 1.5.7 In the event of any suspected abuse of the login data or e-mail addresses, account holders are obligated to notify the Registry Administrator without undue delay.

1.6 Processing and protection of personal data

- 1.6.1 The Registry Administrator processes the personal data provided by the account holder pursuant to the relevant legislation and for the purposes of exercising its powers under the Act on Terms of Greenhouse Gas Emission Allowance Trading and related applicable regulations. More detailed information on personal data processing required by applicable legislation is posted on OTE's website (www.ote-cr.cz). The Registry Administrator shall process personal data in compliance with Regulation (EU) 2016/679 (GDPR) of the European Parliament and of the Council and relevant national legislation.
- 1.6.2 The Registry Administrator is authorized to provide, in compliance with applicable legislation, the necessary information to the authorized entities, in particular the Ministry of the Environment to exercise their competence in accordance with the Act on Terms of Greenhouse Gas Emission Allowance Trading, other state administration bodies in accordance with the Regulation, or on the basis of a court or other decision of the state administration bodies.

2 SECURE ACCESS TO ISR

2.1 User access to ISR

- 2.1.1 For purposes of executing transactions in their own accounts by the account holders and the Registry Administrator, access to the system shall be secured through WEB interface with secured communication through the SSL protocol.
- 2.1.2 The users, each time they connect, they must check that the SSL connection is set ("https" and not "http" appears in the browser's address bar) and that the SSL certificate which appears when clicking on the lock icon of the browser:
 - 2.1.2.1 Is issued by "GlobalSign Extended Validation CA – SHA 256 – G3" to "ets-registry.webgate.ec.europa.eu".
- 2.1.3 Email address, password and mobile phone number was used to send SMS codes are managed by Authentication Service of the European Commission (EU Login), which verifies the user's credentials. User access will establish itself in the EU Login where you choose email address, password and mobile phone number. Once a user registers in the ISR and registration is approved, the registry administrator shall send by post to the address shown user's activation key.
- 2.1.4 The user is required to enter the login details only once, on the system login screen. If the user is asked for his login details by any other method, he is obligated to inform the Registry Administrator without undue delay.
- 2.1.5 Password for logging in to the Union Registry is strictly personal. Any action in the Union Registry performed with a given username and password is deemed under the liability of the user of this username and password.
- 2.1.6 The password must be composed of a minimum of 10 characters and shall comprise letters as well as numerals; it should not be made of the user's first name, family name, birth date and login name. The password is case-sensitive.
- 2.1.7 The password shall expire 180 days after its last modification. The modified password must be different from the previous 10 used passwords.
- 2.1.8 The user is solely responsible for the use of his password. The password is confidential and must not be shared with any other person (including the Registry Administrator or another account holder in the Registry). The user must not save his username and password in the browser. Browser must be configured so that credentials cannot be stored by the browser and all temporary stored navigation information (such as historic, passwords, cookies) are automatically deleted when closing the browser.
- 2.1.9 In the event of suspicion that other people might have knowledge of the user's username and password, it is necessary to immediately contact the Registry Administrator. In case of weekend or holidays, it is required to block access to the user's account and then notify the Registry Administrator on the first working day. Access to the user's account may be blocked after logging into the EU Login and removing all cell phone numbers.
- 2.1.10 The users must take reasonable precautions to prevent the unauthorised use of the mobile devices, the numbers of which are used in Registry communication.
- 2.1.11 The mobile device that receives the SMS one-time login codes must not be used for transactions on the Internet at the same time.

2.2 Computer and network security

- 2.2.1 Each user is obligated to secure his computer, in particular to use and update anti-virus software and firewall software regularly. A full and in-depth antivirus check should also be run regularly (at least every two weeks).
- 2.2.2 The operating system and any other software installed on the computer shall be updated with the latest security updates and patches released by the manufacturing software houses.
- 2.2.3 To connect to the ISR, the user is advised to use a computer where he logs in as a user, never as an administrator. Administrator accounts should be used by trusted people and only to install authorised and trusted programs. To connect to the Union Registry, users

must use a workstation provided by their organisation and/or their own device if authorised by their organisation's security policy.

- 2.2.4 Computers must have a screensaver configured, so that, after no more than 15 minutes of inactivity the workstation must be locked down. When leaving the computer, the user must lock the computer down or log out so that unauthorised persons cannot gain access to the user account in the Registry.
- 2.2.5 The users must not connect any non-trusted USB device to their PC.
- 2.2.6 It is strongly recommended that an exhaustive list of authorised software installed on users' computers be defined. It is strongly recommended that administrators make sure that no others software are installed on the user's computer, by carrying out monitoring or scanning. It is strongly recommended that any unauthorised software be removed.
- 2.2.7 External access, computer access events must be logged and analysed frequently by the administrators. Every anomaly must lead to an investigation even basic.
- 2.2.8 Any use of the Registry must be done through a secure Internet connection. The secure connection must include logical (firewall based) protection between the internal network where the user computer is located and Internet including an Intrusion Detection System at the Network and the Host (HIDS) level, and an antivirus capability. The secure internet connection must restrict access to Internet using blacklisting functionalities.
- 2.2.9 Users must carefully consider opening potentially dangerous attachments to emails and never open any attachments with a .com, .bat, .vbs or .exe extension on the filename.
- 2.2.10 If the users have any cause for suspicion regarding received emails, logging into the Union Registry or other functionality of the Union Registry, they must contact the National Administration.
- 2.2.11 Computer must be configured so that the "auto log-in" function is not used. After OS boot or software start, the log in password for the service should always be asked.
- 2.2.12 Booting from CD/DVD and/or USB devices (by BIOS configuration) must be avoided. Users must not be able to access BIOS set-up configurator (locked by a strong password and different from the log in password).
- 2.2.13 Computers must be configured so that no resources can be shared with external entities outside of the end user's Organisation (e.g. using file sharing software such as BitTorrent) in the PC used to connect to the Union Registry.
- 2.2.14 Computer must be configured so that the user is not connecting to the Internet having "administrator" privileges but restricted rights.

2.3 SMS authentication

- 2.3.1 The ISR user reconfirms his identity and confirms the action to be executed through SMS authentication. During a SMS authentication procedure, EU Login automatically sends a challenge to the user's mobile phone number that the user needs to fill in on the EU Login page. After EU Login has verified the entered challenge, the user's action is completed.

2.4 Prevention of account access

- 2.4.1 The Registry Administrator may deny access to the account due to the user's conduct should it be contrary to the terms of access and use of the system.

2.5 Change of access password

- 2.5.1 Change of the access password shall be administered pursuant to the Regulation.
- 2.5.2 The ISR user executes change of the access password in EU Login.

2.6 ISR user manual

- 2.6.1 The ISR user manual is an integral part of the Contract and is available in a non-public section of the ISR. The user must acquaint himself with this manual at the first entrance into the Registry System. The ISR user manual is regularly updated. Link to the full version

of the user manual registry administrator sends to a registered user for an email request.

3 ACCOUNT AND PARTICIPANT ADMINISTRATION

3.1 Opening an account, identification of the applicant

- 3.1.1 Opening various types of accounts for individual account holders in the Registry System (accounts for the Czech Republic, installation operator, aircraft operator, person holding accounts, trading accounts) shall be administered pursuant to the Regulation.
- 3.1.2 The applicant requests the establishment of an account by filling an account request in the Union Registry.
- 3.1.3 The installation operator
 - 3.1.3.1 Each installation is assigned to only one holding account in the Registry System.
 - 3.1.3.2 In order to open a holding account for a specific installation, the installation operator shall be obligated to provide the Registry Administrator with information included in Annex III and Annex VI to the Regulation. The following specific documents are required for the opening of an account:
 - 3.1.2.2.1 An original or a certified copy of a statement from the Commercial Register (not older than 3 months),
 - 3.1.2.2.2 A certified copy of the Permit,
 - 3.1.2.2.3 A duly completed and signed Declaration of data necessary for customer due diligence process - registry administrator provides this document along with the Contract prepared for signature.
- 3.1.4 Aircraft operator
 - 3.1.4.1 Each aircraft operator has one aircraft operator holding account.
 - 3.1.4.2 In order to open an aircraft operator holding account, the aircraft operator shall be obligated to provide the Registry Administrator with information included in Annex III and Annex VII to the Regulation. The following specific documents are required for the opening of an account:
 - 3.1.3.2.2 An original or a certified copy of a statement from the Commercial Register in Czech (not older than 3 months),
 - 3.1.3.2.3 A certified copy of the Monitoring Plan,
 - 3.1.3.2.4 A duly completed and signed Declaration of data necessary for customer due diligence process - registry administrator provides this document along with the Contract prepared for signature.
- 3.1.5 Person holding accounts and Trading accounts
 - 3.1.5.1 In order to open a person holding account or a trading account, the person shall be obligated to provide the Registry Administrator with information included in Annex III and Annex IV to the Regulation. The following specific documents are required for the opening of an account:
 - 3.1.4.1.1 An original or a certified copy of a statement from the Commercial Register in Czech (not older than 3 months) for a legal entity,
 - 3.1.4.1.2 Confirmation of being an active bank account holder (not older than 3 months),
 - 3.1.4.1.3 VAT registration statement,
 - 3.1.4.1.4 A duly completed and signed Declaration of data necessary for customer due diligence process - registry administrator provides this document along with the Contract prepared for signature,
 - 3.1.4.1.5 List of directors (persons effectively controlling everyday operations of the legal entity),
 - 3.1.4.1.6 An original or a certified copy of Criminal Register statements of the directors in Czech (not older than 3 months) – in the event of a criminal record the applicant must document that in the past five years he has not been sentenced for participating in fraud related to emission allowances or

- Kyoto units, money laundering, financing of terrorism or other serious criminal offences for which the account may serve as an instrument,
- 3.1.4.1.7 A copy of the annual report or the latest audited financial reports or, if no audited financial reports are available, copies of financial reports with the seal of the tax of financial manager.
- 3.1.6 The account holder must nominate at least two authorised representatives for each account. The account holder may also nominate authorized representatives to their total number of 99 and an additional authorized representative to their total number of 99.
- 3.1.6.1 At least one of the authorised representatives of the installation operator account, person holding account or trading must have permanent residency in the Czech Republic.
- 3.1.6.2 The authorised representatives and additional authorised representatives may not be one and the same person.
- 3.1.6.3 The entity requesting to open an account shall be obligated to provide the Registry Administrator with information on authorised representatives and additional authorised representatives listed in Annex III and Annex VIII to the Regulation. The following specific documents are required for the opening of an account:
- 3.1.5.3.1 A copy of the ID card. The Registry Administrator does not require the birth number. If provided, it could be made invisible.
- 3.1.5.3.2 An original or a certified copy of the Criminal Record statement in Czech (not older than 3 months); in the event of a criminal record the applicant must document that in the past five years he has not been sentenced for participating in fraud related to emission allowances or Kyoto units, money laundering, financing of terrorism or other serious criminal offences for which the account may serve as an instrument.
- 3.1.6.4 Upon signing the Contract with the Registry Administrator, the applicant for account opening shall ensure authentication of identities and the signatures of all authorised representatives and additional authorised representatives for specific accounts. The authentication shall be stated directly in the Appendix No. 1 and shall be performed at an official authentication venue in the Czech Republic.
- 3.1.7 Pursuant to the Regulation, the Registry Administrator may deny account opening in the event any of the requirements under Articles 3.1.3 – 3.1.6 are not met or submitted information and documents are incomplete, obsolete or in some way inaccurate and untrue.
- 3.1.8 If an applicant fails to submit all of the documents required to enter into the Contract and open an account within two months of receiving the account request (see Article 1.2.31 of the Terms and Conditions herein), the account request shall be deemed invalid and the applicant must resubmit a full application to enter into the Contract and open an account.
- 3.1.9 The information about Account holder, contact persons, authorized representatives and additional authorized representatives may be published in accordance with the Regulation.

3.2 Updating an account

- 3.2.1 Any change in data about Registry accounts shall be administered (accounts for the Czech Republic, installation operator, aircraft operator, person holding accounts, trading accounts) pursuant to the Regulation.
- 3.2.2 The installation operator shall report installation operation permit and/or any change in this permit to the Registry Administrator immediately. In the event of change of installation operator, both original installation operator and new installation operator shall report the change of permit. The notification shall be deemed to enter a change on the relevant account by the authorized representative of an account by using the Union Registry.
- 3.2.3 New permit
- 3.2.3.1 In the event the installation operator has entered into a valid Contract with the Registry Administrator, the documents submitted for the application procedure shall be processed in compliance with Article 3. The Registry Administrator and installation

operator shall conclude an amendment to the current Contract.

3.2.4 Change of installation operator

3.2.4.1 On the basis of the change of permit the Registry Administrator and the original installation operator shall conclude an amendment to the current Contract, regarding:

- a. termination of the Contract; in case the original installation operator does not operate another installation and does not have a person holding account in the ISR;
- b. installation withdrawal; in case the original installation operator operates another installation or has a person holding account in the ISR.

3.2.4.2 Settlement of greenhouse gas emission allowances during change of operator

- a. The original and the new installation operator must sign a written agreement on greenhouse gas emission allowance settlement (including the amount of allowances and dates of settlement) and submit the agreement to the Registry Administrator together with the change of permit. The Registry Administrator enables the settlement of allowances in the holding account of the original operator in accordance with the submitted agreement.
- b. In the event the allowance settlement agreement has not been submitted under Article 3.2.4.2.a., contractual relations cannot be amended and the installation operator's respective holding account shall be frozen.

3.2.4.3 On the basis of the change of permit the Registry Administrator and the new installation operator shall enter into:

- a. a Contract; in the event the new installation operator does not operate another installation and does not have a person holding account in the ISR under Article 3.1,
- b. an amendment to the current Contract; in the event the new installation operator operates another installation or has a person holding account in the ISR. The documents submitted for the application procedure shall be processed in compliance with Article 3.1.33.

3.2.4.4 Original installation operator has the option to access a transaction history to a new installation operator

3.2.5 Any changes in the Registry under Articles 3.2.3 and 3.2.4 shall come into effect within 14 days of entering into the Contract or the relevant amendment between the Registry Administrator and the installation operator.

3.3 Closing an account

3.3.1 Closing of Registry accounts according to types of accounts (for the Czech Republic, installation operator, aircraft operator, person holding accounts, trading account) is administered pursuant to the Regulation.

3.3.2 In case the installation or aircraft operator is excluded from the EU ETS, the relevant operator holding account or aircraft operator holding account shall be closed by the end of the calendar year following the year in which the installation/aircraft operator was excluded

3.4 Updating verified emissions

3.4.1 Submission of annual verified emissions for the specific year and installation and submission of verified emissions and data on tonne-kilometres for the specific year and aircraft operator is administered pursuant to the Regulation.

3.4.2 Submission of annual verified emissions for all installation operators and aircraft operators is administered by the Registry Administrator upon the instruction by the Ministry.

3.5 Blocking and unblocking an account

3.5.1 Blocking and unblocking of accounts due to not meeting the terms ensuing from the obligations of individual account holders shall be administered pursuant to the Regulation.

- 3.5.2 The Registry Administrator is authorised to block any account provided the account holder fails to meet the terms under the Contract. Should the account holder fail to pay the fees stipulated under Article 6 of the Terms and Conditions herein, the Registry Administrator is authorised to block the respective account 3 days after the due date of the tax document.
- 3.5.3 The Registry Administrator is authorised to block an account in the event the account holder fails to submit required documents within the timeframe stipulated under Article 3.7.6 of the Terms and Conditions herein.

3.6 Withdrawal from the Contract

- 3.6.1 The Registry Administrator is authorised to withdraw from the concluded Contract in the event the holder of a person holding account fails to meet within 30 days the obligations on the basis of which the account was blocked. In such event the account blocking (information about the account blocking shall be sent by e-mail) is deemed a notification in writing pursuant to Article 13, par. d) of the Contract.
- 3.6.2 In the event of withdrawal, the Contract shall be terminated as of the date of delivery of the withdrawal notice to the account holder. In this case, the withdrawal notice shall be sent as a certified letter to the address specified in the Contract or, if applicable, to the address of the company's registered office specified in the latest extract from the Commercial Register. If the addressee refuses to receive the notice or the withdrawal notice cannot be delivered, the notice shall be deemed as delivered as of the date on which the post licence holder returns the letter to the Registry Administrator.
- 3.6.3 If the holder of a person holding account or trading account has a positive balance of allowances in the account on the date of Contract withdrawal, the Registry Administrator shall transfer these allowances to the state account opened for the purpose of depositing such allowances.
- 3.6.4 The Registry Administrator shall proceed in this manner also with respect to holders of operator holding accounts provided the relevant installation is no longer included in the Greenhouse Gas Emission Allowance Trading Scheme, based on the Ministry decision.
- 3.6.5 The Registry Administrator shall proceed in this manner also with respect to holders of aircraft operator holding accounts provided they are no longer included in the Greenhouse Gas Emission Allowance Trading Scheme, based on the Ministry decision.

3.7 Notification about change in account holder

- 3.7.1 Any entry and update of information about account holders shall be administered pursuant to the Regulation.
- 3.7.2 Change in the installation operator's identification details
 - 3.7.2.1 In case of change in the installation operator's identification details, the installation operator shall apply for Contract modification by the Registry Administrator. The installation operator shall document the requested modification with a certified copy of Permit change and an original or a certified copy of the Commercial Register statement.
 - 3.7.2.2 On the basis of the request under Article 3.7.2.1, the Registry Administrator and the installation operator shall conclude an amendment to the current Contract.
 - 3.7.2.3 The Registry change under Article 3.7.2.2 shall come into effect within 14 days after the conclusion of the relevant amendment between the Registry Administrator and the installation operator.
- 3.7.3 Change in the aircraft operator's identification details – a similar procedure as in the 3.7.2 is applied in respect of holders of the aircraft operator holding accounts.
- 3.7.4 Change in the person holding account holder's identification details – a similar procedure as in the 3.7.2 is applied in respect of holders of the aircraft operator holding accounts.
- 3.7.5 Change in the trading account holder's identification details – a similar procedure as in the 3.7.2 is applied in respect of holders of the aircraft operator holding accounts.
- 3.7.6 Account holders are required to notify the Registry Administrator about any change in ID

details provided upon entering into the Contract. In addition, account holders shall confirm to the Registry Administrator annually by 31 December that their account information continues to be complete, updated and true.

3.8 Installations

- 3.8.1 Each ISR installation shall be assigned to a single holding account only. Any entry and update of installation information shall be administered pursuant to the Regulation.
- 3.8.2 Should any installation be terminated, relevant procedures apply pursuant to the Regulation.

3.9 Specification of contractual provisions

- 3.9.1 The term for meeting the obligations pursuant to Article 13, par. d) of the Contract must be reasonable and may not be shorter than 30 days.
- 3.9.2 The Registry Administrator may apply as reasons for termination notice pursuant to Article 13, par. e) of the Contract only the reasons specified in Article 13, par. d) of the Contract, or those ensuing from legal regulations. The provisions regarding the previous provision of a time limit for remedial measures pursuant to Article 13, par. d) of the Contract and Article 3.11.1 of the Terms and Conditions herein shall be used analogically.

4 MONITORING OF TRANSACTIONS AND SYSTEM ADMINISTRATION

4.1 Event recording and operation monitoring

- 4.1.1 Monitoring of all executed transactions and defined events occurring in the ISR system, including the option of viewing them, shall be administered pursuant to the Regulation.

5 PREPARATION AND PROCESSING OF INVOICING DOCUMENTS

5.1 Fees charged to account holders by the Registry Administrator

5.1.1 Fees charged to account holders by the Registry Administrator shall be approved by the Registry board and shall be made public by the Registry Administrator. These fees shall be stated in Appendix No. 3 to the Contract signed with the account holders and shall be valid and binding for the Registry Administrator and the account holder as of the date of approval by the Registry board. The approved original of the fees in print shall be deposited at the registered office of the Registry Administrator. The approved Appendix No. 3 shall be made public by the Registry Administrator on the Registry website (<https://www.povolenky.cz>).

5.1.2 Fees charged by the Registry Administrator include:

5.1.2.1 The fee for opening an operator holding account and aircraft operator holding account; the fee also covers the fixed component of the Fee for installation operator and aircraft operator account maintenance from the date of opening the account through the end of the calendar month;

5.1.2.2 The fee for opening a person holding account – the fee also covers account maintenance thereof from date of opening the account through the end of the calendar month;

5.1.2.3 The fee for opening a trading account – the fee also covers account maintenance thereof from date of opening the account through the end of the calendar month;

5.1.2.4 The fee for operator holding account maintenance; in the event the installation operator has opened more than one account, each of the accounts is subject to fee. The fee for operator holding account maintenance comprises the following components:

6.1.2.3.1 Fixed component – the basis for fee calculation is each commencing month following the month in which the account was opened;

6.1.2.3.2 Variable component – the basis for fee calculation is the size of the installation determined by the quantity of verified emissions for the previous calendar year. The variable component is charged once a calendar year if the amount is at least CZK 25.

5.1.2.5 The fee for aircraft operator holding account maintenance comprises the following components:

6.1.2.3.3 Fixed component – the basis for fee calculation is each commencing calendar year following calendar year in which the account was opened. In the case of account opening during the calendar year, the price is calculated as the proportion of the relevant year from the calendar month following the month in which the account was opened by the end of this year. In the case of termination of the contract during the calendar year the fee is not reduced nor returned;

6.1.2.3.4 Variable component – the basis for fee calculation is the size of the installation determined by the quantity of verified emissions for the previous calendar year. The variable component is charged once a calendar year if the amount is at least CZK 25.

5.1.2.6 The fee for person holding account maintenance – the basis for fee calculation is each commencing month following the month in which the account was opened. In the case the account holder has opened more than one account, each of the accounts is subject to fee.

5.1.2.7 The fee for trading account maintenance – the basis for fee calculation is each commencing month following the month in which the account was opened. In the case the account holder has opened more than one account, each of the accounts is subject to fee.

5.1.3 If the Registry is not fully operational for at least 15 days in a month, the Registry Administrator shall provide a discount as compensation for the Registry non-operability

equalling the fixed component of the Fee for operator holding account maintenance, and a discount equalling the full amount of the Fee for person holding account maintenance and trading account maintenance in the following month.

5.2 Terms of invoicing

- 5.2.1 For performance provided by the Registry Administrator in compliance with the Contract, the Registry Administrator shall issue an invoice pursuant to Section 28, par. 2 of Act No. 235/2004 Coll. The due date for tax documents (invoices) issued by the Registry Administrator shall be 14 days from date of issue thereof.
- 5.2.2 Tax documents are issued in electronic form pursuant to Section 26, par. 4 of the Value Added Tax Act and are sent to the e-mail address of the Authorised Representative designated to deal with the Registry Administrator or to the e-mail specified by the account holder.
- 5.2.3 Should the tax document not contain the requisites set forth in the Contract, the receiving contractual party shall be entitled to immediately request re-sending of an amended tax document.
- 5.2.4 The applicable rate of value added tax shall be added to the fees in the tax document.

5.3 Terms of prices invoicing

- 5.3.1 In the case of payments made to the registry administrator in the foreign currency to the account in CZK all fees associated with the payment shall be paid by the payer/account holder.

6 CLAIMS

6.1 Settlement of claims

- 6.1.1 Claims shall be submitted via e-mail to the Registry Administrator to: povolenky@ote-cr.cz, in addition to a telephone alert to ISR Helpdesk. The account holder shall describe the claim in the body of the e-mail.
- 6.1.2 The account holder shall be entitled to make claims against individual acts of the Registry Administrator and the Registry Administrator shall be obligated to provide an explanation within two business days.
- 6.1.3 The Registry Administrator processes accepted claims in cooperation with the Central Registry Administrator.

7 REGISTRY BOARD

7.1 Activities and powers of the Registry board

- 7.1.1 The Registry board shall be composed of two representatives of the Registry Administrator and two representatives of the Ministry. The Registry board chair shall be one of the Ministry representatives.
- 7.1.2 The scope of the Registry board activities shall be collaboration in Registry administration.
- 7.1.3 The Registry board shall hold regular meetings once a year at least. The Registry board chair shall be authorised to call the board operatively within 2 days when necessary. In the event any board member cannot attend a meeting, he shall delegate a proxy.
- 7.1.4 The board shall make decisions by casting votes by its members where, in the event of an equality of votes, the chair's vote shall be decisive.
- 7.1.5 The Registry board shall approve a draft model Contract.
- 7.1.6 The Registry board shall be obligated to negotiate proposed fees charged by the Registry Administrator to account holders within 14 days after their submission by the Registry Administrator.