

FRA BoD Decree No. 163/2023, dated 9/8/2023
Promulgating the Standards of Registering Verification and Validation Bodies for Carbon Emission Reduction Projects with FRA

The Board of Directors (BoD) of the Financial Regulatory Authority (FRA)

In pursuance of Law No. 95 of 1992 promulgating the Capital Market Law, and the Law No. 10 of 2009 regulating the Supervision of Non-Banking Financial Markets and Instruments,

and FRA BoD Decree No. 57 of 2023 governing the Supervision and Oversight Committee of Carbon Credits and Its Duties,

and pursuant to the submission to the Supervision and Oversight Committee of Carbon Credits in its meeting held on July 25th, 2023,

and upon the approval of the FRA BoD during its meeting held on August 9th, 2023,

Decrees:

(Article 1)

A registry shall be established by FRA to register the verification and validation bodies (VVBs) issuing carbon credits for carbon emission reduction projects. **Unregistered VVBs are strictly prohibited from conducting any verification or validation activities for such projects intended for trading purposes.** The registry shall include main data of registered bodies, the sector in which the verification and validation works are carried out. Such sectors shall include the following:

- Renewable/Non-renewable Energy.
- Energy Distribution.
- Energy Demand.
- Manufacturing Industries.
- Chemical Industries.
- Construction.
- Transport.
- Mining/Mineral Production.
- Metal Production.
- Fugitive Emissions from Fuels, Solid, Oil, and Gas.
- Fugitive Emissions from Industrial Gases (Halocarbons and Sulfur Hexafluoride).
- Solvents Use.
- Waste Handling & Disposal.
- Agriculture.
- Carbon Capture and Storage.
- Livestock and Manure Management.

Other sectors, other than the aforementioned sectors, may be added to the registry by a decision of FRA Chairman.

(Article 2)

Egyptian VVBs wishing to register with FRA should meet the following criteria:

1. The applicant VVB should be a legal person.
2. Obtain ISO-14065:2020 General Principles and Requirements for bodies validating and verifying environmental information, or any updates thereof.
3. Obtain ISO-14064:3 Specification with guidance for the verification and validation of greenhouse gas statements.
4. Fulfil professional competence requirements and the VVB executive director or his/her substitute in other legal persons or the competent team responsible for verification or validation duties, as the case may be, should pass tests as determined by FRA in this regard.
5. No individual holding a management position within the legal entity, nor any individual responsible for verification or validation duties, may have been convicted of a crime involving moral turpitude, unless they have been officially rehabilitated.

(Article 3)

Foreign VVBs wishing to register with FRA should meet the following criteria:

1. The VVB should be one of internationally recognized designated operational entities (DOEs) according to the standards issued by the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), or one of recognized entities under the Paris Agreement Article (6), or the VVB should be accredited by one or more of the international voluntary carbon registries, including, but not limited to, the following:
 - Gold Standard.
 - The Verified Carbon Standard (VCS).
 - The Global Carbon Council (GCC).
2. Submitting a comprehensive documentation demonstrating experience and past performance in the field of verification and validation. This documentation should specifically address at least three successfully completed verification or validation projects for carbon emission

reduction initiatives registered with any of the aforementioned international voluntary carbon registries.

3. The VVB team responsible for verification and validation duties should have one of Egyptian experts at least who having required competence and experience.

(Article 4)

Foreign entities or projects for which carbon credits were issued outside Egypt should notify FRA of their VVBs if they wish to trade such credits in Egypt. This notification shall be submitted using the designated format established by the FRA.

In all cases, in order to trade such carbon credits in Egypt, FRA should verify that VVBs have fulfilled requirements stipulated in Item (1) of Article (3) of this decree.

(Article 5)

VVBs wishing to register with FRA should submit an application on the format prepared for this purpose at the Authority, enclosed with all documents proving fulfillment of registration conditions as specified herein, and any other documents that FRA deems it necessary.

FRA should make its final decision regarding the registration application within thirty days from the date of submitting all supporting documents.

(Article 6)

To maintain their registration status of the of VVBs, the following conditions should be satisfied:

- 1- VVB should fulfill terms and conditions of registration with FRA as stipulated herein.
- 2- VVB should abide to commitments stated in the registration application or its renewal.

(Article 7)

VVB registrations are valid for a period of one year and may be renewed for subsequent terms. To renew the registration with the Financial Regulatory Authority (FRA), Verification and Validation Bodies (VVBs) must demonstrate continued compliance with all relevant terms and conditions as outlined in this document.

The registration application shall be submitted to FRA in return of a fee to be determined as follows:

First: For Egyptian legal Entities:

- A fee of ten thousand Egyptian pounds payable upon submitting the registration application for the first time.
- A fee of two thousand Egyptian pounds payable upon the renewal of registration.

Second: For foreign legal Entities:

- A fee of 500 US dollars payable upon submitting the registration application for the first time.
- A fee of 100 US dollars payable upon the renewal of registration.

(Article 8)

The FRA BoD, upon verification of a violation of any standards established by the Financial Regulatory Authority (FRA) in this document or the loss of a required registration condition, shall take one or more of the following measures:

- 1- Alert the VBB on proven violations and specify the duration for removing and remedying thereof.
- 2- Temporary suspension of the VVB's registration for a period not exceeding six months.
- 3- Deletion of the VVB's registration and its re-registration should be prohibited except after one year at least.

(Article 9)

This decree shall be published in the Official Gazette and on FRA's website, and will be enforced on the following day of its publication.

**Chairman of the Board of Directors
The Financial Regulatory Authority
Dr. Mohamed Fareed Saleh**