

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 27TH SESSION:
COUNCIL - PART I**

Informal Working Group - Institutional matters

Please fill out one form for each textual proposal which your delegation(s) wish(es) to amend, add or delete.

1. Name(s) of Delegation(s) making the proposal:

ITALY

2. Please indicate the relevant provision to which the textual proposal refers. 47

DR 5

3. Kindly provide the proposed amendments to the regulation or standard or guideline in the text box below, using the “track changes” function in Microsoft Word. Please only reproduce the parts of the text that are being amended or deleted.

Regulation 5, para 3 (add sub c.):

(c) Sufficient information that the applicant has the necessary financial capability to carry out the Proposed Plan of Work

4. Please indicate the rationale for the proposal. [150 word limit]

Criteria leading to qualification of applicants (States enterprises and natural or juridical persons) should also include their economic and financial capability since the very beginning of the assessment process and without waiting the consideration of applications by the Commission, under regulation 13. In many national legislations a minimum economic and financial capability is required to apply for a license of exploitation of marine abiotic resources under their jurisdiction. This minimum guarantee would mitigate the issues relating to change of control of the ownership of a Contractor, or of the membership of a joint venture or consortium (draft regulation 24), and transfer of rights of a contract of exploitation (draft regulation 23).

Moreover, Italy would like to point out the necessity to identify clear criteria against which to evaluate the financial qualification of the applicant.

Italy notes that under Annex to ISBA/25/C/3 it was stated that ‘These guidelines should include an outline of how a Plan of Work will be evaluated by the Legal and Technical Commission against the criteria set out in DR13, in particular the financial and technical capability of the applicant, as well as criteria for the evaluation of the environmental plans. In addition, the guidelines should include standard application forms and details on the lodgment of the application and information on supporting documentation to be submitted’. However, the present version of the guideline does not clarify, as expected, how ‘proof of technical capability’ and ‘financial capacity’ can be given or which data should be submitted

to the Authority for appropriate evaluation by the LTC. This seems pivotal in ensuring the degree of transparency to which the ISA committed through its Strategic Plan.

Offshore Incident Statistics provide evidence that there is a relation between the size of enterprises and the repetitive occurrence of small-scale accidents. These accidents are often related to deficiencies in safety measures, design requirements and design methodologies, operations planning and component reliability. Furthermore, it must be taken into account that there are not only accidents caused by the negligence of an offshore operator but there are also risks of "natural-hazard triggered technological accidents (Natech)" for offshore industrial installations and the ability to recover from those accidents is proportional to the economic capacity of the operator.