

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

Rights and Obligations of the Contractors

Please fill out one form for each textual proposal which your delegation(s) wish(es) to amend, add or delete and send to council2022@isa.org.jm.

- 1. Name(s) of Delegation(s) making the proposal: Mexico**
- 2. Please indicate the relevant provision to which the textual proposal refers.
Regulation 18 bis**
- 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 18 bis
Obligations of the Contractors.

1. Contractor shall comply with these Regulations and the Rules of the Authority in a manner consistent with the Convention and the Agreement.
2. Contractors, their holding, subsidiaries, affiliated and Ultimate Parent companies, agencies, partnerships, and suppliers shall be held liable for the compliance of the Contract. Particularly, they shall be jointly and severally liable for the obligation of compensating damages arising from Exploitation Activities.
3. Whether Contractors fails to comply with their payment obligations under these Regulations, holdings and Ultimate Parent Companies shall be held responsible to effect such payments to the Authority on behalf Contractors.
- ~~1~~4. Sponsor States shall take all legislative and administrative measures to assure that Contractors have all material, operative, and financial means to comply with the Contract and these Regulations and that no corporate limitation shall prevent Contractors, holding and Ultimate Parent Companies to compensate damages and make the payment required by the Contractors under the Contract and these Regulations.

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

Part III of the Regulations provides for the rights and obligations of the Contractors. However, no particular provision addresses general obligations assuring that Contractors obligations, especially those of compensation for damages and securing of payments, are duly fulfill whether Contractors themselves are on default.

Due to private privileges under corporate national legislations, whether contractors is under default but do not have means to compensate and comply with their obligations, there is no legal available appeal to enforce its compliance.

It is well known that are the Holdings/Ultimate Parent companies those who receive the main income of exploitation activities performed by their subsidiaries, affiliated and partnerships. In order to avoid non enforcement and allow that any loss or damage from Exploitation activities are duly compensate and the payment due to the humankind as a whole is remunerated, it is required a provision that allows the Authority to claim such compensations to those companies that receives the profits.