

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

Informal Working Group - Finance

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:

The Pew Charitable Trusts

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

DR 75

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.

- The facilitator’s proposed amendments are reflected in **red**.
- Our proposed amendments are indicated as in-line edits in **blue**. Proposed deletions of text proposed by the facilitator appears in strikethrough and **bold**.

Regulation 75

Audit and inspection by the Authority

1. ~~The Secretary General~~ An Inspector may audit the Contractor’s records and conduct inspections in accordance with Part XI of these regulation
2. ~~Any such audit shall be undertaken at the Authority’s sole cost and shall be performed by an Inspector in accordance with Part XI of these regulations.~~
3. ~~An Inspector may,~~ in connection with a liability for a royalty payment, **including** :
 1. ~~Inspect the mining and on board processing facility~~ with a view to verifying the accuracy of the equipment measuring the quantity of Mineral ore sold or removed without sale from the Contract Area;
 2. ~~Inspect, audit and examine any documents, papers, records and data available at the Contractor’s offices or on board any mining vessel or Installation;~~
 3. ~~Require any duly authorized representative of the Contractor to answer any questions in connection with the inspection; and~~
 4. ~~Make and retain copies or extracts of any documents or records relevant to the subject matter of the inspection and provide a Contractor with a list of such copies or extracts.~~
4. ~~The Contractor shall make available to an Inspector such financial records and information contemplated as reasonably required by the Secretary-General to determine compliance with this Part.~~

5. Members of the Authority, in particular a sponsoring State or States, shall, to the best of their abilities, cooperate with and assist the Secretary-General and any Inspector in the carrying out of any audit under this regulation, and shall facilitate access to the records of a Contractor by an Inspector and assist in the exchange of information relevant to a Contractor's obligations under this Part.

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

It is unclear why paragraph (1) provides that the Secretary-General may conduct an audit when the next paragraph states that this will be performed by an Inspector. Apart from paragraph (1) being duplicative, the Regulations should not presume that the Inspectors would fall under the staff of the Secretary-General until a determination about the structure of the Inspectorate is made.

Sub-paragraphs 3(b)-(d) and paragraph (4) are all matters that are covered separately by DRs 96-98 (on Inspections) and DR39 (on Books and Records). Therefore, we recommend deleting these provisions or at the very least cross referencing those provisions.