

**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 78

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 78

Arm’s-length adjustments

2. Where, for the purposes of calculating any amounts due under this Part VII **or any associated Standard or Guidelines**, any costs, prices and revenues have not been charged or determined on an arm’s-length basis, pursuant to a contract or transaction between a Contractor and a related party, ~~the Secretary-General~~ **the Council** may adjust the value of such costs, prices and revenues to reflect an arm’s-length value, **taking into account the recommendations of the Commission and the Finance Committee**, in accordance with internationally accepted principles.
3. The Secretary-General shall provide the Contractor with written notice of any proposed adjustment under paragraph 2 above. The Contractor may make written representations to the Secretary-General within 60 Days of the date of such written notice.
4. **The Commission and Finance Committee shall consider any such representations made by the Contractor at their respective next available meetings provided that the representations have been circulated at least 30 Days in advance of the respective meetings. The Commission shall then prepare its report and recommendations to the Council based on consultation with the Finance Committee. The Council shall decide the value of relevant costs, prices and revenues based on the recommendation. The Contractor may take necessary measures in accordance with regulation 106 in case it is not satisfied with the decision of the Council.**

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

It seems that this regulation is missing a few final steps in the [establishment] of an arm lengths value, whereby the Commission and Finance Committee consider representation made by Contractors and then the Commission makes recommendations, in consultation with the Finance Committee, to the Council. We therefore recommend a new paragraph be added.