

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

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

1. Name of Working Group:

Open Ended Working Group on the Financial Terms of Contracts

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

Australia and Canada

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

Appendix IV – Determination of a royalty liability, definition of terms.

4. 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.

Aggregate Relevant Metal Value means the aggregate of the Relevant Metal Values for each Relevant Metal calculated in accordance with the **applicable** Standard.

Applicable Royalty Rate means the royalty rate set out in the **applicable** Standard, which may be by a decision of the Council following any review under these regulations.

Average Listed Price means the average listed price for a Relevant Metal, calculated in accordance with the **applicable** Standard.

Average Grade means the average metal content of the Relevant Metal calculated in accordance with the **applicable** Standard.

Relevant Metal means a metal contained in the mineral-bearing ore identified and determined accordance with the **applicable** Standard.

Relevant Metal Value(s) means the gross market value(s) of a Relevant Metal calculated in accordance with the **applicable** Standard.

Valuation Point is the first point of transfer of the mineral-bearing ore by delivery onto a vessel transporting the ore out of the Contract Area.

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

As there may be different Standards which apply to the various matters listed as defined terms in Appendix IV, we suggest that wherever 'Standard' appears in Appendix IV, the word 'applicable' be inserted before it.

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–Open Ended Working Group

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:

Canada

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

Appendix IV; (Enclosure III to OEWG Chair Briefing note)

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 Authority shall set a royalty rate

The Authority shall set an Applicable Royalty rate in respect of the royalty to be paid by the Contractor to the Authority for Minerals which constitute polymetallic nodules, as set out in the Standard and taking into account the Guidelines.

Additional Minerals shall be included in the calculation of the royalty should evidence become available that such minerals are being profitably extracted.

The Legal and Technical Commission shall recommend to the Council for decision whether additional Minerals shall be included.

The inclusion of additional Minerals in the determination of the royalty shall constitute a review of rates of payments as described in Regulation 82.

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

It is possible that new minerals are able to be extracted from polymetallic nodules in the future. Should evidence that this is feasible be presented, the LTC should be able to make recommendations to the Council that these new minerals should be included in the determination of a royalty rate.

Changes may also be required to the associated Standard and Guidelines.

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

Canada and Australia

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Appendix IV

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.

Aggregate Relevant Metal Value means the aggregate of the Relevant Metal Values for each Relevant Metal calculated in accordance with the Standard.

Applicable Royalty Rate means the royalty rate set out in the Standard, which may be by a decision of the Council following any review under these regulations.

Average Listed Price means the average listed price for a Relevant Metal, calculated in accordance with the Standard.

Average Grade means the average metal content of the Relevant Metal calculated in accordance with the Standard.

Relevant Metal means a metal contained in the mineral-bearing ore identified and determined accordance with the Standard.

Relevant Metal Value(s) means the gross market value(s) of a Relevant Metal calculated in accordance with the Standard.

Valuation Point is the first point of transfer of the mineral-bearing ore by delivery onto a vessel transporting the ore out of the Contract Area. In the instance where the transfer of mineral-bearing ore onto another vessel does not take place, the valuation point shall be on board the original vessel before it leaves the Contract Area.

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

There are scenarios where the ore remains in the hold of the collector ship and is transferred directly out of the area without being transferred onto a transport ship. It is also possible that the ships sink with the mineral-bearing ore in their hold. We recommend amending the definition of

“Valuation Point” accordingly and recommend that any associated Guidelines also reflect this possibility.