

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

**Informal Working Group - Financial terms**

*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](mailto:council@isa.org.jm).*

**1. Name of Working Group:**

Open-ended Working Group of the Council on the financial terms

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

China

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

DR27

**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.**

**\*Note:China’s amendments are in Blue**

**Regulation 27**

**Commencement of production**

1. Where the requirements of regulation 25 are satisfied and the Contractor has lodged an Environmental Performance Guarantee in accordance with regulation 26, the Contractor, consistent with Good Industry Practice, shall make commercially reasonable efforts to bring the Mining Area into Commercial Production in accordance with the Plan of Work.
2. After the trial production has reached the formal production condition, the Contractor shall apply to the Authority for permission for commencement of Commercial Production. And the date of issuance of license by the Authority according to Regulation 27(1) should be the date of commencement of commercial production. ~~Once Commercial Production has begun, the Contractor shall promptly notify the Secretary General of the date of commencement of Commercial Production. Upon notification, The the Secretary-General shall publish notice on the website of the Authority and notify members of the Authority, in particular coastal states in close proximity to the Mining Area,~~ that Commercial Production has begun and the location of the Mining Area.

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

As the Secretary-General has published notice on the website of the Authority and has notified members of the Authority, there is no need for special emphasis on notifying coastal states in close proximity to the Mining Area.

The starting time of commercial production is important to the calculation of royalties, and an objective judgment is required. It is suggested that after the trial production, if the contractor regards that the formal production conditions have been met, it shall apply to the Authority for permission for commencement of Commercial Production. The date of the issuance of the license by the Authority is the starting time of commercial production.