

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

President's text

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:

President's text

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

China

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

Regulation 39

Books, records and samples

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**

1. A Contractor shall keep ~~[at a place agreed by the Contractor and the Secretary-General, and make available for inspection and audit under regulation 72]~~ a complete, **[accurate]** and proper set of books, accounts and financial records, consistent with internationally accepted accounting principles, **[are subject to an annual independent audit and]** which must include information

(a) that fully discloses ~~[all revenues and]~~ actual and direct expenditures for Exploitation, including capital expenditures, ~~[liabilities]~~ and operating costs and such other information as will facilitate an effective audit of the Contractor's expenditures and costs **[and]**

~~4. Upon request of the Secretary General [or an Inspector], the Contractor shall~~

~~a. — deliver to the Secretary General [or Inspector] for analysis a portion of any sample or core obtained during the course of Exploitation activities.~~

~~b. — [supply or file such record or information contained therein at such times and in such formats as may be reasonably required by the Authority to determine compliance with the Rules of the Authority.]~~

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

Regarding paragraph 1, it is sufficient that the contractor can provide the account books, records and samples for review, and the storage location can be decided by itself. The requirement to consult with the Secretary-General has neither legal basis nor relevant practice.

Regarding paragraph 1(a), the disclosure of revenue-related books and records has no legal basis and should be deleted. Furthermore, liabilities are not relevant to the content of this regulation, and it is suggested that the basis for the addition should be clarified and, in the absence of a strong basis, deleted.

Regarding paragraph 4, matters relating to inspections and compliance, like paragraph 4, should be regulated uniformly in the corresponding regulations in order to maintain consistency.