

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 27TH 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.

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.

DR64

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 64

Contractor shall pay royalty

1. A Contractor, from the date of commencement of Commercial Production, shall pay a royalty in respect of the mineral-bearing ore sold or removed without sale from the Contract Area as determined in appendix IV to these regulations.

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. ~~The date of commencement of Commercial Production, will be the date notified according to Regulation 27(2).~~

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

This paragraph relates to the starting time of commercial production and is more appropriately placed after article 27 "Commencement of production" of the draft regulation.

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 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 is the starting time of commercial production.