

**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.

DR75

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 75

Audit and inspection by the Authority

~~1. The Contractor’s records shall be audited upon request by the Secretary-General. The Secretary General may audit the Contractor’s records.~~

~~3. An Inspector may, in connection with a liability for a royalty payment:~~

~~• Inspect the mining and on-board processing facility with a view to verifying the accuracy of the equipment measuring the quantity of Mineral ore sold or removed without sale from the Contract Area;~~

~~• Inspect, audit and examine any documents, papers, records and data available at the Contractor’s offices or on-board any mining vessel or Installation;~~

~~• Require any duly authorized representative of the Contractor to answer any questions in connection with the inspection; and~~

~~• Make and retain copies or extracts of any documents or records relevant to the subject matter of the inspection and provide a Contractor with a list of such copies or extracts.~~

~~4. The Contractor shall make available to an Inspector such financial records and information contemplated as reasonably required by the Secretary General to determine compliance with this Part.~~

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

Regarding paragraph 1, the Secretary-General, as the chief administrative officer of the Authority, may request an audit of the contractor's records, rather than directly perform the audit function.

Regarding paragraph 3, 4, the content of those two paragraph has been stipulated in article 96,98 of the draft regulation, and should be deleted to avoid repetition.