

**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.**

DR77

**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 77**

**General anti-avoidance rule**

1. Where the **Finance Committee Secretary-General** reasonably considers that a Contractor has entered into any scheme, arrangement or understanding or has undertaken any steps which, directly or indirectly:

(a) Result in the avoidance, postponement or reduction of a liability for payment of a royalty under this Part;

(b) Have not been carried out for bona fide commercial purposes; or

(c) Have been carried out solely or mainly for the purposes of avoiding, postponing or reducing a liability for payment of a royalty; then the **Finance Committee Secretary-General** shall determine the liability for a royalty as if the avoidance, postponement or reduction of such liability had not been carried out by the Contractor and in accordance with this Part.

2. The Secretary-General **based on the recommendations of the Finance Committee** shall provide the Contractor with written notice of any proposed determination under paragraph 1 above. The Contractor may make written representations to the Secretary-General within 60 Days of the date of such written notice. The **Finance Committee**

~~Secretary-General~~ shall consider such representations and shall determine the liability for a royalty for the original or revised amount.

3. The Contractor shall pay any such royalty liability within 30 Days of the date of the determination made by the ~~Secretary-General~~ Finance Committee under paragraph 2.

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

Paragraph 7, section 3 of the Annex to the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 provides that "Decisions by the Assembly or the Council having financial or budgetary implications shall be based on the recommendations of the Finance Committee". The content of this article is related to the competence of the Finance Committee. Relevant matters should be submitted to the Finance Committee for consideration and the Finance Committee should make recommendations to the Council thereafter. As the chief administrative officer of the Authority, the Secretary-General can perform related administrative functions.