

**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.

DR78

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 78

Arm’s-length adjustments

2. Where, for the purposes of calculating any amounts due under this Part VII or any associated Standard or Guidelines, any costs, prices and revenues have not been charged or determined on an arm’s-length basis, pursuant to a contract or transaction between a Contractor and a related party, the ~~Council Secretary General~~ may adjust the value of such costs, prices and revenues to reflect an arm’s-length value, **based on the recommendations of the Commission and the Finance Committee**, in accordance with internationally accepted principles.

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

As the content in this provision have both technical and financial implications, the Council may make decisions based on the recommendations of the Commission and the Finance Committee, in order to adjust the value of such costs, prices and revenues to reflect an arm’s-length value.

