

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 28TH SESSION:
COUNCIL - PART II**

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

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

Canada and Australia

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

DR 70: Payment of royalty shown by royalty return

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.

Regulation 70

Payment of royalty shown by royalty return

1. A Contractor shall pay the royalty due for a royalty return period on the Day the royalty return is required to be lodged.

~~2.~~ Payments to the Authority ~~may shall~~ be made in United States dollars or other approved foreign currencies which are freely convertible, in accordance with relevant Standards.

~~3.~~ A Contractor shall declare the currency to be used in the payment of royalties prior to the commencement of commercial production.

~~2.4.~~ A Contractor may only change the currency used for the payment of royalties [on the anniversary of the fifth year of commercial production and at the end of every subsequent fifth year of commercial production].

~~3.5.~~ All payments made to the Authority shall be made gross net and shall be free of any deductions, transmission fees, levies or other charges.

~~4.6.~~ The Council may approve the payment of any royalty due by way of instalment where special circumstances exist, in accordance with relevant Standards, that justify payment by instalment, taking account of rules, regulations and procedures of the Authority that provide for incentives, on a uniform and non-discriminatory basis, to Contractors.

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

Regarding Regulation 70 paragraph 2, Canada and Australia propose that the Council approves a list of freely convertible currencies, which could be in consultation with the IMF. Canada and Australia are of the view that a defined list of freely convertible currencies would then be included in an appropriate standard. Canada and Australia would also like to

propose that additional text be added to this paragraph, such as " The Contractor, prior to commencement of commercial production, shall declare the currency to be used in the payment of royalties for the first five-year production period. The choice of currency may only be modified on the anniversary of the Contractor's five-year production period, unless otherwise decided by the Council. This is important as it will avoid the frequent switching of currencies, complexities, and transaction costs on the Authority.