

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

Informal Working Group - Environment

Please fill out one form for each textual proposal which your delegation(s) wish(es) to amend, add or delete.

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

Federal Republic of Germany

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

Draft Regulation 24

3. 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 24

Change of control

1. For the purposes of this regulation, a “change in control” occurs where there is a change [in 50 per cent or more of in the ownership of the Contractor, or of the membership of the joint venture, consortium or partnership, as the case may be, that results in the holding of the beneficial ownership of- 50% or more of the Contractor or the controlling interest in the Contractor by an entity that previously held a minority share or had no prior equity interest,] or a change in 50 per cent or more of the ownership of the entity providing an Environmental Performance Guarantee [which by bringing the ownership to 50% constitutes a change in the effective control].

~~Alt. 1 [For the purposes of this regulation, a “change in control” occurs where there is a change resulting in ownership of 50 percent or more of the Contractor, or of the membership of the joint venture, consortium or partnership, as the case may be, or a change resulting in ownership of 50 percent or more of the entity providing an Environmental Performance Guarantee.]~~

2. Where there is a change of control of the Contractor, or there is a change of control in any entity providing an Environmental Performance Guarantee on behalf of a Contractor, the Contractor shall, [where practicable] [as soon as reasonably practicable but no later than 24 hours], notify the Secretary-General in advance of such change of control, [but in any event within 90 Days thereafter] [and in the case of an entity providing an Environmental Performance Guarantee, no later than within 90 Days thereafter]. The Contractor shall provide the Secretary-General with such details as he or she shall reasonably request of the change of control.

3. After consulting the Contractor or entity providing the Environmental Performance Guarantee, as the case may be, the Secretary-General may:

(a) Determine that, following a change of control of the Contractor or the entity providing the Environmental Performance Guarantee, the Contractor will continue to be able, and in particular will have the financial capability, to meet its obligations under the exploitation contract or Environmental Performance Guarantee, in which case the contract shall continue to have full force and effect;

(b) In the case of a Contractor, treat a change of control as a transfer of rights and obligations in accordance with the requirements of these regulations, in which case regulation 23 shall apply; or

(c) In the case of an entity providing an Environmental Performance Guarantee, require the Contractor to lodge a new Environmental Performance Guarantee in accordance with regulation 26, within such time frame as the Secretary-General shall stipulate.

4. Where the Secretary-General determines that, following a change of control, a Contractor may not have the financial capability to meet its obligations under its exploitation contract, the Secretary-General shall inform the Commission accordingly. [The Commission itself shall inquire the Secretary-General about the financial capability of a Contractor, following a change of control.] The Commission shall submit a report of its findings and recommendations to the Council.

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

In Para 1 we support the original version including the second text in square brackets, as amended above.

We suggest that in this Regulation an obligation is introduced to prevent the monopolization of the Area by any one entity, including parent companies.

We would like to further discuss this provision and any further implications arising from a change of control.