

TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 27TH SESSION:

COUNCIL - PART VII

Informal Working Group on 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.im.

1. Name of Working Group:

Informal Working Group on Financial terms

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

China

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

Appendix IV Determination of a royalty liability

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**

2. Calculation of royalty payable

The royalty payable to the Authority for each royalty return period shall be ~~the product of the Applicable Royalty Rate multiplied by the Aggregate Relevant Metal Value for that royalty return period,~~ calculated in accordance with the Standard and taking into account the Guidelines.

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

If an ad valorem payment system is adopted, the royalty should be the product of the applicable royalty rate multiplied by the total value of the relevant metals. However, if a payment system of blended ad valorem and profit is adopted, profit also needs to be considered, and the calculation method cannot be simply the product of the rate and the total value of the relevant metals. These details of calculation method are suggested to be regulated in the Standards and Guidelines.