

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 28<sup>TH</sup> SESSION: COUNCIL -  
PART III**

*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 of a Contract

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

Submitted by Nauru Ocean Resources Inc., Tonga Offshore Mining Ltd. and Blue Minerals Jamaica Ltd.

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

Draft Regulation 71(1)

**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.**

1. The Standards and Guidelines shall set out the information to be included in each A royalty return ~~shall include the following information-~~ including for each royalty return period, ~~in accordance with Standards and taking into account the Guidelines:~~

~~(a) The quantity in wet metric tons and dry metric tons of mineral bearing ore recovered from each Mining Area;~~

~~(b) The quantity and value by Mineral in wet metric tons and dry metric tons of the mineral bearing ore shipped from the Mining Area Contract Area; The value, grades and the basis of the valuation (by Mineral and Metal) of the mineral bearing ore sold or removed without sale from the Mining Area Contract Area, as verified by a Suitably Qualified Person and supported by a representative chemical analysis of the ore by a certified laboratory, with the cost of weighing and testing to be borne by the Contractor;~~

~~(c) [Details of all contracts [and amendments to contracts] and sale or exchange agreements relating to the mineral bearing ore sold or removed without sale from the Contract Area]; and~~

~~(d) A calculation of the royalty payable in accordance with section 3, including any adjustment made to the prior royalty return period and a declaration signed by a designated official of the Contractor that the royalty return is accurate and correct.~~

~~(e) [Details of all revenues and operating costs associated with activities in handling and processing, to the degree available.]~~

- **Explanation / Comment**

- One participant has proposed a new subparagraph 1(e) to ensure that the Authority is appropriately informed, to the degree possible, of each sale, shipment, transfer, exchange or other disposal beyond the Contract Area so that it can ascertain that the same standards, including environmental standards are deployed throughout the value chain.

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

- We consider that to make the regulatory text less prescriptive the specific information that will be required in a royalty return and its verification are matters best covered in a relevant Standard and have proposed amendments to achieve this.
- Setting out the relevant information required in a Standard will allow for greater flexibility and detail to be included, including on matters such as what level of moisture content will be allowed for “dry” versus “wet” metric tons. For completeness, the appropriate measurement to be used for royalty returns is dry metric tons.
- If the sub-paragraphs are to be maintained, we note that Draft Regulation 71(1)(a) should use the term “Contract Area” instead of “Mining Area”. We also query the need for distinction between Mineral and Metal in Draft Regulation 71(1)(b) and would welcome clarification on why both terms have been used here.
- We also remain concerned that Draft Regulation 71(1)(b) may require that every ship carry a Suitably Qualified Person to verify the information regarding ore removed from the Area. Such an approach would be excessive and onerous, particularly given the specific properties of nodules.
- In relation to Draft Regulation 71(1)(c) and (e), we query why a royalty return needs to specify this level of detail regarding commercial arrangements entered into by the Contractor with other parties. Our primary position is that these provisions should be removed, especially Draft Regulation 71(1)(e). The Authority has no jurisdiction in relation to what happens to minerals once they have left the contract area and it should not be attempting to regulate it. However, at the very least this will need to be subject to appropriate confidentiality exceptions and protections.