

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 29TH 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(s) of Delegation(s) making the proposal:

The Kingdom of the Netherlands

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

Regulation 23 (Transfer of rights and obligations under an Exploitation Contract)

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.

5. The Commission shall not recommend approval of the transfer if it would:

[...]

(d) be foreseen that neither the Managing Company of the Contractor nor the Managing Company of the Transferee will issue a Parent Company Liability Statement.

[...]

8. A transfer is validly effected only upon:

(e) Execution of a Parent Company Liability Statement by the Managing Company of the Transferee, unless: (i) the Contractor transfers its rights and obligations under an Exploitation Contract in part; and (ii) the Parent Company Liability Statement issued by the Contractor's Managing Company remains in full force and effect.

[...]

9. The assignment and novation agreement shall be signed on behalf of the Authority by the Secretary-General or by a duly authorized representative, and on behalf of the transferor and the Transferee by their duly authorized representatives. If the Managing Company of the Transferee issues a Parent Company Liability Statement, this shall be signed on behalf of the Transferee and its Managing Company by their duly authorized representatives.

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

These changes are part of the Kingdom of the Netherlands' effort to provide sufficient legal basis in the regulations and Exploitation Contract to ensure that parent companies of Contractors are jointly and severally liable towards the Authority for damage caused by a Contractor.

The Kingdom of the Netherlands does so by introducing a so-called "Parent Company Liability Statement" as a new Annex XI, which will form a compulsory schedule to the Exploitation Contract, signed by a parent company of the Contractor (one that qualifies as a so-called "Managing Company"). This provides a contractual basis for such joint and several liability.

Simultaneously, the Kingdom of the Netherlands submits proposals to Draft Regulations 7, 18bis and 24, Annex IX and the Schedule. These submissions should be read together. We will explain these changes further in a paper on the topic, to be shared prior to Part II of the 29th Session.