

**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 of the Working Group

Financial Terms of an Exploitation Contract

2. Name of the Working Group

Financial Terms of an Exploitation Contract

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

Brazil

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

Regulation 73 bis

5. 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 73bis

Underpayment of royalty

1. Where a royalty return shows any underpayment of royalties, the Contractor shall pay the outstanding sum within 7 days of notification by the Secretary-General ~~must demand payment from the Contractor within 7 Days.~~

2. If no payment is received, ~~the Authority shall add the payment due to the next period of royalty collection.~~ the Council shall act in accordance with Regulation 79 [Interest on Unpaid Royalty] and shall consider the unpaid debt from the date it became due and payable.

~~{3. Proper measures shall be taken against Contractors who do not pay the underpaid royalty in due time.}}~~

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

Regulation 73 bis. 1 leaves doubt as to whom the 7-days term applies – the Secretary-General or the Contractor. We propose to clarify that it is directed to the Contractor. Paragraphs 2 and 3 seem redundant, as Regulation 79 already describes the consequences of non-payment of Royalties. We propose a new Paragraph 2, clarifying that the 7-days term is only a possibility to regularize payment with

material errors, and not a postponement of date of payment. In this sense, the outstanding debt is to be determined without reference to these 7-days.