

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS
DURING THE 29TH SESSION: COUNCIL - PART I**

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 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 75(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.

Regulation 75 [OEWG]

Audit by the Authority

1. At most once per year, The the Council Commission, on its own initiative, or upon the request of the Secretary-General ~~or the commission~~, may, upon a genuine belief of non-compliance by a Contractor in regard to royalty payments, request an audit of the Contractor’s books and records ~~and all subcontractors’ books and records~~ associated with the Exploitation activities in the Area.

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

- We support the Commission having the ability to request an audit of Contractors’ records relating to exploitation activities in the Area. However, we consider this should be subject to an appropriate threshold of concern or belief that such an audit is necessary. We have proposed amendments to Draft Regulation 75(1) accordingly.
- Due to the cost and time required for complying with such requests, we also suggest limiting such audits to once per annum.
- In relation to subcontractors, we note that Contractors themselves may not have a right to inspect all of the records of their subcontractors. This is also likely outside of the jurisdiction of the Authority given subcontractors are not in a contractual relationship with the Authority. As such, we propose to remove this reference.