

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 29<sup>TH</sup> 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](mailto:council@isa.org.jm).

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

The Pew Charitable Trusts

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

Draft regulation 22

**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.**

1. The Contractor may, ~~[solely for the purpose of raising financing to effect its obligations under an exploitation contract and only with the prior consent of the Sponsoring State or States and of the Council [which consent shall not be unreasonably withheld or delayed], based on the recommendations of the Commission];~~ [solely for the purpose of raising financing to effect its obligations under an exploitation contract and only with the prior consent of the Sponsoring State or States and of the Council based on the recommendations of the Commission], mortgage, pledge, lien, charge or otherwise encumber all or part of its interest under an Exploitation Contract.

(...)

~~4. The Council may require that the beneficiary of the encumbrance referred to in paragraph 1 above:~~

- ~~(a) Shall subscribe to any internationally adopted standards for the extractive industries which are widely accepted including environmental and social governance standards, with reference to relevant Standards and Guidelines where relevant; or and  
(b) Shall be properly regulated through a national financial conduct authority in accordance with the Guidelines.~~

4. The Council may require that the beneficiary of the encumbrance referred to in paragraph 1 above:

- (a) Shall subscribe to any internationally adopted standards for the extractive industries which are widely accepted including environmental and social governance standards, with reference to relevant Standards and Guidelines where relevant; or and  
(b) Shall be properly regulated through a national financial conduct authority in accordance with the Guidelines.

(...)

6. The Authority shall ~~not be obliged to~~ provide any funds or issue any guarantees or otherwise become liable directly or indirectly in the financing of the Contractor's obligations under an exploitation contract.

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

For paragraph (1), like Australia, Brazil, UK, Canada, and Italy, we believe the deleted wording was useful language to prevent an ISA Contract being used to raise funds which are then put towards another project, leaving the Contractor too thinly capitalised to deliver on its Exploitation Contract. Such a scenario would undermine the ISA's previous assessment of the Contractor's financial capabilities to deliver on its Plan of Work. We also recommend that this DR22 should include a more specific process for how a Contractor obtains consent. This could replicate the language used in DR23 (for a transfer of rights). Or could be contained in a Standard, which is cross-referred in the regulation.

As mentioned by Costa Rica, Australia, Brazil, UK, Canada, Chile and Spain, we recommend reinstatement of DR22 paragraph (4),

We support the comments by the UK, Canada, African Group and Spain on para 6 whereby the Authority shall not provide any funds.