

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 30TH 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:

Canada

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

DR 78 Arm's-length adjustments

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. For the purposes of this Regulation:

(a) "Arm's length", in relation to Exploitation Contracts and transactions, means contracts and transactions that are entered into freely and independently by parties that are not Related Parties and without one party influencing another; and

(b) "Arm's-length value", in relation to costs, prices and revenues, means the value that a willing buyer and willing seller, who are not Related Parties, would agree to in a competitive environment.

1 bis. All transactions involving Contractors that are State Owned Enterprises shall be considered non-Arm's-length under this Regulation unless the Council determines otherwise on the basis of substantiated and verifiable documentation.

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

Canada proposes an additional paragraph under this regulation (1.bis) in order to account for the possibility that state-owned entities (SOEs) could be subject to differential treatment relative to commercial contractors under this regulation. Transactions involving SOEs should be considered non-arm's length by default because SOEs as they often operate under state influence or policy objectives rather than purely commercial motives, which may distort pricing, terms, and conditions compared to transactions between independent, profit-driven entities operating largely under market principles.