

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

Canada

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

DR 79 Interest on unpaid royalty

**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.**

Where any royalty or other amount levied under this Part remains wholly or partly unpaid after the date it becomes due and payable, a Contractor shall, in addition to the amount due and payable, pay interest on the amount outstanding, beginning on the date the amount became due and payable, in accordance with the applicable Standard, at an annual rate calculated by:

- a) Adding 5 per cent to the special drawing rights interest rate prevailing on the date the amount became due and payable for the first 30-day period of non-payment;
- b) Adding 10 per cent to the special drawing rights interest rate prevailing on the date the amount became due and payable for the second and third 30-day period of non-payment; and
- c) Adding [15] [20] per cent to the special drawing rights interest rate prevailing on the date the amount became due and payable for any further period of non-payment.

Interest shall accrue on a daily pro rata basis, calculated using a 365-day year (or 366 in leap years), based on the number of days the amount remains unpaid pursuant to paragraphs a), b), and c) above.

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

To improve the clarity of this draft regulation, two modifications were made. Firstly, for paragraphs a) and b), it is proposed to replace ‘months’ with ‘30-day period’ because a payment will likely become due partway through the month. If the period during which a given interest obligation is due is expressed in terms of months, this could lead to confusion. The second proposed modification is the addition of a paragraph to account for the fact that partial months are common (e.g., paying on the 15th day of a month), and failing to consider this can lead to ambiguity. The daily accrual method is easier to compute accurately and consistently and aligns with most international financial and tax standards (e.g., OECD, World Bank frameworks).