

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 30TH 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(s) of Delegation(s) making the proposal:** United States of America
- 2. Please indicate the relevant provision to which the textual proposal refers.**

Annex III

- 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.**

Annex III [*President’s Text*] Financing Plan

A Financing Plan should include [supported by written evidence ~~or other relevant source~~]:

- (a) Details and costing of the mining technique, technology and production rates applicable to the proposed Exploitation mining activities;
- (b) Details and costing of the technological process applicable to the extraction and on-board processing of Mineral ore;
- (c) Details and costing of the technical skills and expertise and associated labour requirements necessary to conduct the proposed Exploitation mining activities;
- (d) Details and costing of regulatory requirements relevant to the proposed mining activities, including the cost of the preparation and implementation of the Environmental Management and Monitoring Plan and Closure Plan;
- (e) Details regarding other relevant costing, including capital expenditure requirements;
- (f) Details of advance agreed sales, and all expected revenue applicable to the proposed Exploitation mining activities;
- (g) A detailed cash-flow forecast and valuation, excluding financing of the proposed Exploitation mining activities, clearly indicating applicable regulatory costs;
- (h) Details of the applicant’s resources or proposed mechanisms to finance the proposed Exploitation mining activities, and details regarding the impact of such financing mechanisms on the cash-flow forecast and debt-to-equity ratio;
- [(i) Details of any loans or planned loans, and the institutions making the loans, with an indication whether those institutions apply ~~[relevant best practice international standards or their equivalent]~~ [the Equator Principles or the International Finance Corporation performance standards, or equivalent.]; and
- [(j) Details of any insolvency proceedings, currently disqualification from acting as a company director or trustee of any fund organization, unspent convictions for any financial crime or offence involving dishonesty, in any jurisdiction, involving key personnel from the Contractor’s

management, senior staff, ownership, parent company, subsidiaries or sub-contractors.]

(k) An evaluation and details of opportunity costs, impact on benthic communities, and lost economic potential for fisheries, such as impacts from loss of food chain due to operations.

(l) The Financial Plan should also ensure that the Decommissioning Bond is of sufficient scale to adequately cover:

i) Potential liabilities of failed operations, or bankruptcy's impact on operations.

ii) Ensure coverage of future decommissioning operations for any related infrastructure required for extraction.

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

These U.S. proposals are based on lessons learned in our domestic experience in regulating offshore extractive activities. A Contractor evaluation before issuing the first license should cover the risk of the Contractor's ability/inability to perform at any step of the lifecycle all the way from exploration through to decommissioning in the form of bonding analysis.

Bonding requirements must be calculated to cover at least:

<i>Component</i>	<i>Calculation Basis</i>	<i>Coverage Scope</i>
Projected liabilities	P70 probabilistic cost estimates for infrastructure removal	Mining equipment and all mining- support infrastructure
Bankruptcy risk	Full coverage of decommissioning costs for all infrastructure, irrespective of operator solvency	Parent company guarantees or third-party bonds

To minimize the types of decommissioning cost risks currently being managed under U.S. Department of Interior authorities, the Department of Interior is recommending that bonding requirements be established covering at least the 70th percentile (P70) cost estimates for infrastructure removal of seabed mining equipment and all supporting infrastructure. In context, we intend that P70 means there should be at least a 70% probability (P70) that the bond value will equal or exceed the low decommissioning cost estimate.

Additionally, opportunity costs associated with seabed mining activities should be modeled using region-specific data on fishery yields, gear-type efficiency, projected revenue losses from habitat degradation or exclusion zones, and impacts on adjacent marine industries (e.g., tourism, aquaculture, etc.) through spatial exclusion or reduced ecosystem services.