

Regulation 54

Establishment of an Environmental Compensation Fund

1. The Authority hereby establishes the Environmental Compensation Fund, referred to as “the Fund” for the purposes of these Regulations.

2. The rules and procedures governing the Fund shall be formulated by the Finance Committee and submitted to the Council for its consideration with a view to their subsequent approval by the Assembly upon the Council’s recommendation. This process shall be completed prior to the approval of the first Plan of Work for an Exploitation Contract under these Regulations. These rules and procedures shall include, *inter alia*:

- (a) The requirements and modalities governing contributions to the Fund in accordance with Regulation 56, including modalities for replenishment upon disbursement;
- (b) The minimum size of the Fund;
- (c) A description of how the Fund and any interest generated will be managed and by whom;
- (d) The modalities for administering claims against the Fund, including determining entities eligible to access the Fund, which may include, among others, States Parties to the Convention, potentially most affected States and the Authority;
- (e) The types of damage and purposes eligible for claims, in accordance with Regulation 55.
- (f) A prioritization of categories of damage to be applied in assessing claims;
- (g) Financial safeguards to ensure a long-term viability of the Fund, which may include, as appropriate, limits on the amount of compensation per claim or disbursement cycle, to be defined by the Authority;
- (h) The standard of proof required for claims; and
- (i) A process for determining disbursements from the Fund.

3. The Secretary-General shall, in consultation with the Finance Committee, prepare an independently audited statement of the income and expenditure of the Fund within 90 days of the end of a calendar year for submission to the Assembly and publication on the Authority’s website.