

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 28<sup>TH</sup> SESSION:  
COUNCIL - PART III**

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 of Working Group:**

OEWG on Financial Terms.

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

Republic of Nauru

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

Regulation 77(4)

**4. 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.**

~~4. If the Contractor [incurs] [is found to be in] is in a [gross and persistent] non-compliance of payment of a breach of royalty payment obligations in accordance with this Part, the Council shall suspend or rescind the exploitation cContract pursuant to regulation 103 of these Regulations [and the Contractor's company principals shall be barred from direct or indirect involvement with any Contractor or subcontractor operating in the Area for a period of [10] years].]~~

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

Nauru supports the inclusion of the bracketed text “gross and persistent” which conforms with the requirements of the Convention.

However, we do not consider it appropriate or fair for all of a Contractor’s principals to be barred from any direct or indirect involvement with any other Contractor or subcontractor operating in the Area. This is an onerous penalty provision that should not be applied absent a proper finding of specific wilful breach or negligence on the part of the relevant person.

*Cf. regulation 80: we would like to know how this paragraph 4 dovetails with regulation 80. There appears to be some duplication, and potential confusion as both paragraphs concern breaches and violations of Part VII obligations. It would seem preferable to have one overarching non-compliance provision for this Part VII.*