

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 28TH 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.

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 80

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.

Subject to regulation 103 (6), ~~[and depending on the seriousness of the breach,]~~ the Council may impose a monetary penalty ~~[or] suspend or terminate the exploitation contract in respect of a gross and persistent [material breach] [violation]~~ under this Part ~~or of the contract [and company principals would 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]

We propose a materiality threshold (“gross and persistent”) be added to this regulation, consistent with regulation 77, paragraph 4 and with the Convention, under which suspension or termination of contract can only be for serious, persistent and wilful violations or failure to comply with a dispute settlement decision.

We also propose that references to company principals be removed here (see submission on regulation 77(4)). Barring participation in future activities 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.