

REFERENCE TO THE ENTERPRISE IN THE DRAFT EXPLOITATION REGULATIONS

Submitted by the Interim Director-General of the Enterprise

1. On 19 January 2026, the Interim Director-General of the Enterprise and the United Kingdom presented a joint proposal to address the treatment of the Enterprise in the draft Regulations on the Exploitation of Mineral resources in the Area (the “draft Regulations”).
2. The joint proposal used as a basis the two alternative additions proposed by the Interim Director-General to the definition of “Contractor” in the Schedule of the draft Regulations¹, and was further accompanied by a table analysing references to “Contractor” in the draft Regulations considering the role of the Enterprise².
3. During the first part of the thirty-first session, the Council endorsed the joint paper of the Interim Director-General and the UK, and expressed a preference for the first alternative addition proposed by the Interim Director-General to the definition of “Contractor” in the Schedule, reading as follows: *“Except where expressly excluded in these Regulations, the term “Contractor” shall also include the Enterprise”*.
4. As delegations endorsed this alternative addition, this proposal is presented to address the reference to the Enterprise throughout the draft Regulations.
5. The proposal aims at addressing the role of the Enterprise in the entire draft Regulations. For this reason, the scope of this submission has been expanded beyond the original proposal, to also include the phase of application for a plan of work. For this reason, it has been suggested that also the term “Applicant” should be amended by adding *“Except where expressly excluded in these Regulations, the term “Applicant” shall also include the Enterprise”*.
6. To avoid unnecessary detail, this document only addresses those regulations for which amendments relating to the treatment of the Enterprise are proposed.
7. All revisions are made against the third revision of the Further Revised Consolidated Text (ISBA/31/C/CRP.1/Rev.3).

¹ [Proposal of the Interim Director General of the Enterprise to the Schedule](#), thirtieth session.

² [Table analysing references to “Contractor” in the draft Regulations considering the role of the Enterprise](#).

Annex – Textual proposal

Regulation 3

Duty to cooperate and exchange of information

In matters relating to these Regulations:

(a) members of the Authority, ~~the Enterprise~~, Applicants and Contractors shall cooperate with the Authority to facilitate the performance of its duties and responsibilities under the Convention, *inter alia*, [Alt. 1] by providing the Authority with such data and information as is necessary for the Authority to discharge its duties and responsibilities under the Convention] [Alt. 2 to provide to the Authority necessary data and information];

e) ~~C~~ontractors, ~~the Enterprise~~, Sponsoring States and members of the Authority shall cooperate with the Authority in the establishment and implementation of programmes to observe, measure, evaluate and analyse the impacts and effects of Exploitation and related activities on the Marine Environment, including at the regional scale, to share the findings and results of such programmes with the Authority for wider dissemination and to extend such cooperation and collaboration to the implementation and further development of Best Environmental Practices in connection with activities in the Area;

(f) members of the Authority, Sponsoring States, and Contractors, ~~and the Enterprise~~ shall, in conjunction with the Authority, cooperate [in accordance with their respective capabilities and resources] with a view to:

Comments

- In letters (a), (e) and (f) of this draft regulation it is suggested to delete the reference to the Enterprise, which is already included in the definition of “Contractor”. The provisions of these paragraphs will still remain applicable to the Enterprise.

Regulation 5

Qualified ~~A~~pplicants

7. The requirements set out in paragraphs 3(d), 6 and 6.bis of this Regulation shall not be applicable to the Enterprise.

Comments

- Paragraph 3(d) (also in its alternative version), 6 and 6.bis relate to parent companies and sponsoring States, and are therefore not applicable to the Enterprise.

Regulation 6

Certificate of sponsorship

1. Each application by ~~an entity referred to in Regulation 5(1)(b)~~ [state enterprise or natural or juridical person] shall be accompanied by a certificate of sponsorship

issued by the State Party of which it is a national ~~for~~/[and if applicable, by the State Party by which it is effectively controlled or] by whose nationals it is effectively controlled. If the Applicant has more than one nationality, as in the case of a partnership or consortium of entities from more than one State Party, each State Party involved shall issue a certificate of sponsorship.

Comments

- If the language “State enterprise or natural or juridical person” is retained in paragraph 1, the Enterprise can be considered to be expressly excluded. Therefore, no additional amendment would be necessary.

Regulation 7

Form of applications and information to accompany a Plan of Work

2. Each Applicant, including the Enterprise, shall, as part of its application, provide a written undertaking to the Authority that it will:

[(d) ~~C~~omply with ~~the any~~ national laws, regulations and administrative measures of the Sponsoring State or States, if applicable, made pursuant to articles 139 and 153, paragraph 4 of the Convention and article 4, paragraph 4 of Annex III to the Convention.]

[(e) comply with ~~the any~~ applicable undertakings on transfer of technology provided for by the Convention and the Agreement.]

Comments

- While paragraph 2(a), (b) and (c) are applicable to the Enterprise, paragraphs (d) and (e) are not. It is therefore suggested to amend their language to reflect those situations in which, respectively: 1) there is no sponsoring State; and 2) undertakings on transfer of technology do not apply to the Applicant.

Regulation 13

Assessment of Applicants and application

[12. The requirements set out in paragraphs 2(b), 2(f), 5 and 6(a) of this Regulation shall not be applicable to the Enterprise.]

Comments

- Paragraphs 2(b) and (f), 5 and 6(a) address sponsorship and Effective Control requirements that should not be applicable to the Enterprise.

Regulation 15

Commission’s recommendation for the approval or disapproval of a Plan of Work

Comments

- In light of the cross-references to draft regulation 13, the wording of this draft regulation should not require any amendment.

Regulation 18

Rights and exclusivity under an Exploitation Contract

1. An Exploitation Contract shall confer on a Contractor ~~[or the Enterprise]~~ the exclusive right to:

Regulation 18 bis

Obligations of the Contractors

[1. ter Contractors, excluding the Enterprise, shall comply with the national laws, regulations and administrative measures of the Sponsoring State or States made pursuant to articles 139 and 153, paragraph 4 of the Convention and article 4, paragraph 4 of Annex III to the Convention.]

[2. In accordance with the Exploitation Contract or the Parent Company Liability Statement, as the case may be, the Contractor and, if applicable, its Managing Company, shall have responsibility or [strict] liability for any damage arising out of;

[3. In the event that Contractors fail to comply with their payment obligations under these Regulations, their Managing Company, if any, shall be held responsible to effect such payments to the Authority on behalf of Contractors.]

Comments

- The language of paragraph 1ter has been adjusted to reflect the situation of the Enterprise, which will have no sponsoring State.
- Paragraph 2 is applicable to the Enterprise, except for the reference to the “Managing Company”. The phrase “if applicable” has been added to provide for such exclusion.
- The same phrase has been added in paragraph 3, to make it inapplicable to the Enterprise.

Regulation 18 ter

~~[Suspension or]~~ Termination of an Exploitation Contract

1. An Exploitation Contract can only be terminated:

(b) by reason of termination of State sponsorship, pursuant to regulation 21 and without the Contractor having secured an alternative sponsorship;

Comments

- This matter is addressed in draft regulation 21 (see below). Therefore, in light of the cross-reference to that draft regulation, there is no need to amend this provision.

Regulation 19

Joint arrangements

1. Exploitation Contracts may provide for joint arrangements between a Contractor (other than the Enterprise) and the Authority through the Enterprise, in the form of joint ventures or production-sharing, as well as any other form of joint arrangement, which shall have the same protection s [against revision, suspension or termination] as Exploitation Contracts with the Authority.

Comments

- Without the proposed text in track changes, the reference to joint arrangements between “the Enterprise” (as included in the general definition of a Contractor) and the Enterprise would be nonsensical. The Enterprise can enter into joint venture arrangements only with another contractor that is, by definition, not the Enterprise.

Regulation 20

Term and extension of Exploitation Contracts

6. The Commission [shall]/[may] recommend to the Council the approval of an application to extent an Exploitation Contract, and an Exploitation Contract [shall]/[may] be extended by the Council provided that:

(e) [~~T~~he Sponsoring State, if applicable, has reconfirmed their sponsorship of the Contractor by reissuing their certificate of sponsorship; and ~~;~~]

Comments

- Not all entities carrying out activities in the Area require sponsorship. The addition of “if applicable” is designed to cover both the situation of the Enterprise and that of State enterprises.

Regulation 21

Termination of sponsorship

1. Each Contractor that is not the Enterprise or a State Party shall ensure that it ~~[is sponsored by a State or States, as the case may be,]~~ has the appropriate sponsorship throughout the duration period of the Exploitation Contract in accordance with Article 153(2)(b) of the Convention and Regulation 6, and to the extent necessary that it complies with Regulations 6 (1) and (2). No activities under an Exploitation Contract may be carried out in the absence of the appropriate sponsorship.

Comments

- It is suggested to reinsert “that is not the Enterprise or a State Party”.

Regulation 22

Use of Exploitation Contract as security

1. The Contractor may ~~solely~~ for the purpose of raising financing to effect its obligations under an Exploitation Contract and only with the prior consent of the Sponsoring State or States, if applicable, and of the Council ~~[which consent shall not be unreasonably withheld or delayed]~~, based on the recommendations of the Commission~~]~~, mortgage, pledge, lien, charge or otherwise encumber all or part of its interest under an Exploitation Contract. The Council's consent shall not be unreasonably withheld or delayed.

Comments

- “if applicable” has been added (see comment box to draft regulation 20).

Regulation 23

Transfer of rights and obligations under an Exploitation Contract

1. A Contractor may transfer its rights and obligations under an Exploitation Contract in whole or in part only with the prior written consent of the ~~Sponsoring State~~, if applicable, and the~~]~~ Council ~~[[, such consent not to be unreasonably withheld]~~, based on the recommendations of the Commission ~~[and with notification to the Sponsoring State].]~~ / [The consent of the Council shall be based on the recommendations of the Commission and shall not be unreasonably withheld.]

Comments

- As noted in the [Table analysing references to “Contractor” in the draft Regulations considering the role of the Enterprise](#), if the Enterprise is to hold exploitation contracts as a custodian of the common heritage of humankind (on the basis that it is to act in accordance with the Convention), it may be appropriate for there to be further oversight by the Assembly or Council for transfer of exploitation contracts by the Enterprise. This could be achieved by an express provision for the Council to withhold consent on grounds other than those applicable to transfer by private contractors if the Enterprise is to transfer an exploitation contract.
- However, if to the contrary it were intended that the Enterprise have the same rights to transfer Exploitation contracts, the reference to the Sponsoring State in paragraph 1 is proposed amended.

Regulation 24

Change of Control

[6. Only provisions of this Regulation referring to the Change of Control of an entity providing an Environmental Performance Guarantee shall be applicable to the Enterprise.]

Comments

- These provisions appear intended only to apply to other Contractors, as the Enterprise would not have an equivalent change in majority ownership, as Change of Control is defined. Paragraph 3 also makes reference to the Sponsoring State, which is inapposite in the case of the Enterprise.
- It is however appropriate to include the Enterprise in the part of this regulation referring to a Change of Control to an Entity providing an Environmental Performance Guarantee on behalf of a Contractor.

Regulation 24 bis

Change of Nationality

[6. The provisions of this Regulation shall not apply to the Enterprise.]

Comments

- As the Enterprise has no nationality, provisions of this draft regulation should not be applicable to it.

Regulation 28

Maintaining Commercial Production

~~43.~~ A Contractor shall notify the Secretary-General [and if applicable the Sponsoring State or States] as soon as it recommences any ~~[Commercial Production]~~, and no later than [24] hours after such recommencement, and, where necessary, shall provide to the Secretary-General [and Sponsoring State] such information as is necessary to demonstrate what was that the issue causing the contractor to fail to maintain Commercial Production triggering a reduction or suspension has been addressed. The Secretary-General shall notify the Council that production has recommenced.

Comments

- In paragraph 3 there is a typo (“if appliable” instead of “if applicable”).

Regulation 29

Reduction or suspension in production

1. Notwithstanding regulation 28, a Contractor may temporarily reduce or suspend production ~~[but shall notify [in writing] the Secretary-General, the Council [and if applicable the Sponsoring State or States] thereof [and provide the rationale for such a reduction or suspension and the period of time for which the Contractor anticipate the Temporary Suspension of or reduction in production will last]~~ [as soon as practicable thereafter but no later than ~~[within 7 Days from the date of the reduction or suspension].~~ Such reduction or suspension may be for a period of up to 12 months. regulation 29 bis shall govern the procedure for such suspensions.

Comments

- This draft regulation already correctly refers to sponsoring States “if applicable”.

Regulation 29 bis

Procedure for suspensions or reduction in Exploitation activities

3. During a suspension of Exploitation activities for any reason:

(a) a Contractor shall notify the Secretary-General [and if applicable the Sponsoring State or States], as soon as it intends to recommence any or all of the suspended activities and no later than [72 hours] before such recommencement, and, where necessary, shall provide to the Secretary-General such information as is necessary to demonstrate that the issue triggering a suspension has been addressed; or

Comments

- In paragraph 3(a) there is a typo (“if applicable” instead of “if applicable”).

Regulation 29 ter

Certification of origin

1. The Authority, upon the receipt of an application from ~~the Enterprise or~~ the Contractor, shall certify the origin for the Minerals removed from the Area, in accordance with the applicable Standard.

Comments

- Reference to the Enterprise can be deleted, as the Enterprise is already included in the definition of “Contractor”.

Regulation 30

Safety, labour and health standards

3. In addition, Contractors shall:

(a) comply with the relevant national laws relating to vessel standards and crew safety of their flag State in the case of vessels, or, if applicable, of their Sponsoring State or States in the case of Installations; and

(b) comply with the national laws of its Sponsoring State or States if applicable, in relation to any matters that fall outside of the jurisdiction of the flag State, such as worker rights for non-crew members and human health and safety that pertains to the mining process rather than to ship operation.

Comments

- While none of the provisions relating to sponsoring States apply to the Enterprise, paragraph 3(a) might still apply to the extent that it refers to observance of flag

State rules. It is therefore suggested to simply add “if applicable”, in the two paragraphs.

Regulation 33

Preventing and responding to Incidents

2. The Contractor shall, upon becoming aware of an Incident:

(c) ~~u~~Undertake promptly, and within such time frame as stipulated, any instructions received from the Secretary-General in consultation with the Sponsoring State or States, if applicable, flag State, [States adjacent to the Contract Area likely to be affected] or relevant international organizations, as the case may be;

(f) ~~f~~Following resolution of an Incident, provide the [Secretary-General and, if applicable, its Sponsoring State or States] with an Incident report which details the Incident and any corresponding data on its nature, scale, and impacts, the Contractor’s response, [findings] [and any proposed measures to minimise or reduce the risk of similar Incidents occurring in the future]. Any adjacent coastal states consulted under paragraph 2, subparagraph (c) shall also receive the incident report.

3. The Secretary-General shall promptly report any Contractor that fails to comply with this regulation to its Sponsoring State or States, if applicable, [States adjacent to the Contract Area [likely to be affected] and the flag State of any vessel involved in the Incident for consideration of the institution of legal proceedings under national law [and the Compliance Committee].

~~4. bis. Alt.~~ The Secretary-General shall:

(a) before issuing instructions under this regulation, request instruction from the Compliance Committee, and consult with the Sponsoring State or State, if applicable and other relevant State or international organisations, insofar as it is feasible to do so taking account of the urgency in the situation; and

Comments

- References to sponsoring States have been adjusted.

Regulation 34

Notification of Incidents and Notifiable Events

1. A Contractor shall immediately notify its Sponsoring State or States, if applicable, ~~ff~~States adjacent to the Contract Area likely to be affected} and the Secretary-General of the occurrence of any of the Notifiable Events, ~~1~~

3. Upon receipt of notification under paragraph 2, the Secretary-General shall consult with the Sponsoring State or States, if applicable, States adjacent to the Contract Area ~~{likely to be affected}~~ ~~{and other regulatory authorities as necessary}~~ ~~{and shall seek the instructions of the Compliance Committee and the Council.}~~

Comments

- References to sponsoring States have been adjusted.

Regulation 37

Training Obligations

1. The Contractor ~~[and with the exception of the Enterprise]~~ shall conduct and carry out the training ~~programs~~ ~~offer the~~ personnel of the Authority and developing States on an ongoing basis in accordance with the approved Training Plan commitment under Schedule 8 to the Exploitation Contract, these Regulations and applicable Standards, and taking into account the Guidelines.

Comments

- Assuming that the Enterprise is not intended to have training obligations (as its personnel may be the recipient, rather the providers of such training), it should be excluded here.

Regulation 37 bis

Transfer of Technology

~~The Contractor shall adhere to and implement the commitments set out in the Plan of Work for the transfer of technology, in line with the applicable Standards, and taking into account Guidelines.}]~~

~~[1. The Contractor[s, with the exception of the Enterprise] shall cooperate fully and effectively with the Authority for the purpose of the Authority, the Enterprise or its joint venture, a developing State or States acquiring deep seabed mining technology on fair and reasonable commercial terms and conditions, consistent with the effective protection of intellectual property rights.}]~~

~~[1. Alt. The Contractor[s, with the exception of the Enterprise,] shall include in the Plan of Work undertakings on transfer of technology pursuant to article 144 of the Convention and Section 5 of the Annex to the Agreement.~~

~~2. The [Each] Plan of Work [with the exception of those submitted by the Enterprise] shall include a detailed technology transfer plan, specifying the types of technology to be transferred, the modalities of transfer, and the timelines for implementation, in accordance with the applicable Standards and taking into account the Guidelines.}]~~

Comments

- The Enterprise should be excluded from the scope of this draft regulation, as it is envisaged by Art 144(2), 170(4) to be the recipient of such technology, rather than the provider. The language of the three paragraphs has been adjusted to reflect this.

Regulation 38

Annual report

2. Such annual reports shall be in accordance with applicable Standards and taking into account the Guidelines and include:

(d) an annual financial report, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, of the actual and direct Exploitation expenditures, which are the capital expenditures

and operating costs of the Contractor in carrying out the programme of activities during the Contractor's accounting year in respect of the Contract Area, together with an annual statement of the computation of payments paid or payable by the Contractor to the Authority, governments, state enterprises, and other contractors, as well as payments and other forms of financial benefit received by the Contractor from Sponsoring States, if applicable, and reported against the Financing Plan;

Comments

- The reference to sponsoring States in para 2(d) has been adjusted.
- Paragraph 2(j bis) refers to "details about any changes made to the Contractor's business structure or collaborations, including but not limited to their subcontractors, holding, subsidiaries, affiliates and ultimate parent companies, agencies and partnerships". While this provision is not applicable to the Enterprise, the word "any" seems to suggest that the Contractor can also leave this section blank if there is no change. Therefore, the provision should not require amendments.

Regulation 39

Books, records and samples

5. A Contractor shall, subject to reasonable notice [, and after consultation with the Sponsoring State, if applicable], permit full access by the Secretary-General or [Inspectors] [and]/[or] [Compliance Committee] to the data, information and samples [kept or maintained by the Contractor in accordance with this regulation].

Comments

- Reference to sponsoring State in paragraph 5 has been adjusted.

Regulation 42

Restrictions on advertisements, prospectuses and other notices

[2. If there is any indication or reason to believe that this regulation has been contravened, the Compliance Committee shall take the matter up for urgent consideration, ~~[including to determine if any measures against the Contractor under Regulation 103 would be appropriate, as well as and determine~~ whether to recommend to the Council that an investigation be carried out against all person or persons involved. The Secretary-General shall gather and forward all available and potential information and evidence in support of such allegation to the Compliance Committee [and the Contractor] [and seek the views of the Contractor in relation to any alleged contravention]. If applicable, tThe Secretary General shall also notify the relevant Sponsoring State, who shall cooperate with the Authority as well as consider further action pursuant to its national legislation.]

Comments

- Reference to sponsoring State in paragraph 2 has been adjusted.

Regulation 43

Compliance with other laws and regulations

1. Nothing in an Exploitation Contract shall relieve a Contractor from its obligations under any national, international or other law to which it is subject, including the laws of a Sponsoring State and flag State.

Comments

- While provisions on sponsoring States do not apply to the Enterprise, this paragraph only make reference to any “potential” obligation provided under their laws. Therefore, even in the absence of any amendment, it will simply not be applicable to the Enterprise.

Regulation 44

General Obligations

1. The Authority, Sponsoring States, ~~the Enterprise~~, Contractors, flag States and ~~port States~~ ~~and the States of registry~~ shall take necessary measures to ensure effective Protection of the Marine Environment from harmful effects which may arise from the Exploitation, in accordance with these Regulations as well as applicable Standards, consistent with the applicable and the relevant Regional Environmental Management Plan, and taking into account the relevant Regional Environmental Management Plan and Guidelines referred to in Regulation 45 and to this end shall, as applicable in their respective areas of competence:

3. Nothing in these Regulations shall be interpreted as preventing States from applying environmental or other laws and regulations, or ~~the Enterprise and~~ Contractors from taking measures that are more stringent than those in the rules, regulations and procedures of the Authority relating to the ~~p~~Protection of the Marine Environment.

Comments

- References to the Enterprise in the chapeau of paragraph 1 and in paragraph 3 have been deleted, as already included in the definition of “Contractor”.

Regulation 46

The Impact Assessment Process

2. The purpose of an Environmental Impact Assessment Process shall be to ~~identify~~ and inform the Authority’s assessment of an application of a Plan of Work under regulations 13 to 16, or a Contract’s continued adherence to these Regulations and predict ~~and evaluate the potential~~ Environmental Impacts and Environmental Effects, ~~of~~ the proposed activities ~~in the Area~~ ~~on the Mmarine Eenvironment~~ and identify necessary measures to Mitigate, prevent, minimise or manage ~~them~~, to enable the Authority to assess whether the potential residual adverse Environmental Impacts and Environmental Effects, with the aim to

(c) ~~[ensure, in accordance with the Convention, that]~~ ~~[the Sponsoring State [or States], if applicable,]~~ and the Contractors, ~~[in accordance with the Convention,]~~ conduct the ~~[Plan of Work for Exploitation]~~ ~~[Environmental Impact Assessment]~~ with due regard to the rights and legitimate interests of any potentially most affected coastal State by maintaining, ~~[timely]~~ ~~[targeted and proactive]~~ consultations in accordance with regulation 93 ~~bister~~; and

Comments

- Reference to sponsoring State in paragraph 2(c) has been adjusted.

Regulation 64

~~[Royalty payment]~~

A Contractor, from the date of commencement of Commercial Production, shall pay a royalty in respect of the Mineral-bearing ore sold ~~[,during the time of reduction, sold,]~~ or removed without sale from the Contract Area as determined pursuant to paragraph 1 of Section 8 of the Annex to the Agreement in accordance with the applicable Standard. [This regulation is without prejudice to article 10~~1~~, paragraph 3, of Annex III and Article 10 of Annex IV to the Convention.]

Comments

- In light of Article 10(3) of Annex IV to the Convention, the Enterprise is to be excluded from royalty payments during an initial period required for it to become self-supporting. The final sentence has been adjusted to reflect this.

Regulation 71

Information to be submitted

3. Within 90 Days from the end of a Calendar Year, the Contractor shall provide the Secretary-General and ~~,if applicable,~~ the Sponsoring State or States with a statement from an Independent Auditor or certified independent accountant that the royalty calculation for that Calendar Year:

Comments

- Reference to sponsoring State in paragraph 3 has been adjusted.

Regulation 74

Proper books and records to be kept

2. The Contractor shall prepare such records in conformity with internationally accepted accounting principles that verify, in connection with each Mining Area ~~[and the Contract Area]~~, inter alia:

(d) details of all revenues and operating costs associated with activities in each

Mining Area ~~[[and]/[of] the Contract Area]~~ [including a breakdown of all general administration and management costs essential to, and directly connected to these activities, and accruing in the Sponsoring State, if applicable]]; and]-

Comments

- Reference to sponsoring State in paragraph 2(d) has been adjusted.

Regulation 75

Audit by the Authority

5. Members of the Authority, in particular a Sponsoring State or States, shall cooperate with and assist the relevant organ of the Authority and any Independent Auditor in the carrying out of any audit under this regulation, and shall facilitate access to the records of a Contractor by an auditor and assist in the exchange of information relevant to a Contractor's obligations under this Part.

Comments

- As paragraph 5 refers to all members of the Authority (and only "in particular" to sponsoring States), it is suggested that there might be no need to adjust such reference.

Regulation 77

General anti-avoidance rule

~~[2 ter.bis. 2~~ The Sponsoring State, if any, shall be informed at the beginning of any procedure potentially leading to a determination according to this regulation, and may provide written representations to the Secretary-General, the Council or the Finance Committee.]

[4. If the Contractor is in ~~[gross and persistent breach]~~ [serious, persistent and willful violation] of any payment obligations in accordance with this Part, the Council ~~[shall]~~ [may] suspend or [terminate] the Exploitation Contract pursuant to regulation 103 of these Regulations and ~~the any~~ Contractor's company principals shall be barred from direct or indirect involvement with any Contractor or subcontractor operating in the Area for a period [determined by the Authority commensurate to the violation] of [10] years].

Comments

- In paragraph 2, the reference to sponsoring States has been adjusted.
- It is proposed to replace "the" with "any" in paragraph 4, to address those situations in which there is no Contractor's company principal (including in the case of the Enterprise).

Regulation 78

Arm's-length adjustments

5. Notwithstanding the obligation of the Enterprise not to enter into transactions on a non-Arm's-length basis, the provisions of this Regulation relating to Related Parties shall not apply to the Enterprise.

Comments

- As noted in the [Table analysing references to "Contractor" in the draft Regulations considering the role of the Enterprise](#), the definition of Related Parties does not translate to the Enterprise. Paragraph 5 is therefore proposed to address the obligations of the Enterprise, without making reference to Related Parties.

Regulation 83 bis

Beneficial Ownership Registry

~~{1. At.~~ Contractors, with the exception of the Enterprise, shall submit detailed beneficial ownership information as part of their annual report, in compliance with regulation 38, to the Secretary General. This information ~~[must]~~ / ~~[shall]~~ be ~~[compiled]~~ / ~~[included]~~ in the Beneficial Ownership Registry, ~~adhering to in accordance with~~ all applicable Standards and taking into account the Guidelines. }

Comments

- As the Enterprise will not have private beneficial ownership, paragraph 1 of this draft regulation has been adjusted accordingly.

Regulation 89

Confidentiality of information

3. "Confidential Information" does not mean or include data and information that:

(h) relate to Contractor payments to the Authority ~~[, governments, state enterprises, other Contractors, as well as payments and other forms of financial benefit received by the Contractor from [its Sponsoring State or if applicable] Sponsoring States];~~

(i) Relate to beneficial ownership of Contractors;

Comments

- As currently worded, these provisions do not require any amendment to address the situation of the Enterprise.
- If the deleted language is retained, it is suggested that paragraph (i) should be amended so to read: "Relate to beneficial ownership of Contractors, with the exception of the Enterprise".

Regulation 90

Procedures to ensure confidentiality

6. In the case of any breach of obligations relating to Confidential Information held by the Authority, the Authority, upon becoming aware of the breach, shall notify the relevant Contractor and, if applicable, its Sponsoring State or States. [Any cases of breach of obligations relating to Confidential Information held by the Authority, shall be referred to the Compliance Committee.]

Comments

- Paragraph 6 has been adjusted to address the situation of those entities (including the Enterprise) that have no sponsoring State.

Regulation 96 bis

Inspections

~~[3. [2. Alt. Where the Chief Inspector has reasonable grounds to conduct an inspection, without given an adequate notice, the Chief Inspector shall direct an Inspector to conduct an [unscheduled]/[unannounced] inspection despite any contrary provisions on any of these Regulations and shall cooperate with a Contractor to conduct the inspection within a specified timeframe.]~~

~~[2. bis]~~In the event of a remote or virtual inspection, the Inspector may refrain from sending a prior [written] notice to the Contractor or, if applicable, Sponsoring State.]

~~[4. [The Inspector shall, upon request by any State Party or other party concerned be accompanied by a representative of such [Sponsoring] State [, if applicable,]-or other party concerned when carrying out the inspection.]]~~

~~5. In the event of an onsite inspection, the [3. ——— Inspectors [may]/[shall], [in accordance with these Regulations,] inspect any relevant [areas], documents, items, or digital information [and [interview]/[question] any personnel] necessary to monitor a Contractor's compliance under its Exploitation Contract and the rules, regulations and procedures of the Authority which include inter alia, all recorded data and samples and any ships or Installations used by the Contractor to carry out Exploitation activities and activities related to such Exploitation activities in the Area, including its log, equipment, records and facilities, as well as interview relevant personnel. [The Inspector shall have the authority to [reasonably] take copies or samples as needed for further analysis] [and shall not make public any information, categorised as confidential as recognised under regulation 89].]~~

~~4. The~~ Contractor shall cooperate with Inspectors and give full assistance to Inspectors in the performance of their duties, and shall:

(a) bis [to facilitate the conveyance of Inspectors and any individuals who have requested to participate in the inspection in accordance with regulation 96bis, paragraph 2bis,]Keep the Chief Inspector and, if applicable, the Sponsoring State or States notified of proposed ship [and aircraft] schedules including support and supply vessels, and when feasible, inform the Chief Inspector before any ship commences its voyage to a Contractor's Contract Area to facilitate the conveyance of Inspectors and representatives of Sponsoring States, where appropriate and to keep the Chief Inspector informed if there is a change to proposed ship schedules due to operational, logistical or unforeseen circumstances;

(g) [facilitate the conveyance of Inspectors and any individuals who have requested to participate in the inspection in accordance with regulation 96bis, paragraph 2bis,] Not obstruct, intimidate or interfere with Inspectors in the performance of their duties, or, if applicable, representatives of Sponsoring States, State, or other party concerned who accompany these Inspectors.] [Contractors shall also establish and communicate internal procedures to ensure that all personnel are aware of and comply with inspection requirements.]

Comments

- Paragraphs 3, 5 (a)bis and (g) have been adjusted to address the situation of those entities (including the Enterprise) that have no sponsoring States.
- In paragraph 4, if the word “Sponsoring” before State is retained, it is suggested to add “if applicable”. The wording has been placed in brackets, as linked to the word “Sponsoring” (also in brackets).

Regulation 96 ter

Request for inspection [in the event of [harmful effects]] to the Marine Environment]

2. The [Chief Inspector] / [Compliance Committee] shall [notify the relevant Contractor and, if applicable, its Sponsoring State or States, shall] examine immediately the grounds for an inspection request and shall [promptly]/[make recommendations to the Council to] initiate inspection where such grounds appear reasonable[, and invite representatives of the [adjacent]/[potentially-affected] coastal State or States to [accompany the Inspector], no later than 24 hours after such notification was made by the State or States-[to facilitate assessment by the Council of whether any [pollution or] the harm is attributable to activities in the Area.]].

Comments

- Paragraph 2 has been adjusted to address the situation of those entities (including the Enterprise) that have no sponsoring States.
- If the alternative version of paragraph 2 (that does not refer to sponsoring States) is retained, no amendment is needed.

Regulation 99

Inspectors’ power to issue instructions

2. bis The Inspector shall report immediately and provide a copy of the instruction to the [Chief Inspector,] Compliance Committee, the Secretary-General and, if applicable, through the Secretary-General to the Contractor’s Sponsoring State or States and, if applicable to the relevant [adjacent] coastal State or States and flag State, that an instruction has been issued under paragraph 1 above.

Comments

- Paragraph 2 bis has been adjusted to address the situation of those entities (including the Enterprise) that have no sponsoring States.

Regulation 100

Inspection Reports

1. No later than 30 Days after the end of a [routine] inspection [and 7 Days after the end of an urgent inspection], the Inspector shall ~~[deliver]~~ [submit] a report in accordance with the template and other requirements set out in the applicable Standards setting out, findings and [seeking clarification [, where relevant,] and providing] recommendations for improvements in performance, procedures or practices by a Contractor. [The [Chief] Inspector shall send the report to the Compliance Committee and the Secretary General, ~~[who]~~ [the Secretary-General] shall send a copy of the report to the Contractor and [, if applicable,] its Sponsoring State or States, as well as the relevant adjacent coastal State or States or flag State referred to in paragraph 2bis of regulation 99]. [All inspection reports shall be submitted to the Chief Inspector and the Secretary-General. Such reports shall be promptly made public and placed on the website of the Authority.]

1. bis The Contractor and [, if applicable,] the Sponsoring State or States, [as well as the relevant adjacent coastal State or States or flag State referred to in paragraph 2 bis of regulation 99] [, member States and all Stakeholders,] [shall] within- 30 Days ~~[after the end of a routine inspection and 7 Days after the end of urgent inspection]~~ ~~[of the date of receipt of the Inspector's report,]~~ provide to the Secretary-General [any] comments on the findings [, requests for clarification or recommendation,] ~~[and [seeking clarification and providing] recommendations,]~~ including details of any action taken or to be taken in accordance with the findings and recommendations of the Inspector's report. The Secretary-General shall transmit [such] comments to the Compliance Committee.

2. The Compliance Committee shall, pursuant to regulation ~~[95]~~ 102 bis] , ~~[from time to time]~~ report to the Council [and] include details on the findings and recommendations following the inspections conducted in the prior Calendar Year and shall make any recommendations to the Council on any enforcement action to be taken by the Council under these Regulations and an Exploitation Contract and taking account of any regulatory action taken by the Sponsoring State or States or corrective actions taken by a Contractor to address the findings or recommendations.

3. The [Chief Inspector] shall report to the Compliance Committee and the Secretary-General on any acts of violence, [bribery, intent to bribe] intimidation, or abuse against or the wilful obstruction or harassment by any person of an Inspector, or a representative of a Sponsoring State, State , or other party concerned who accompanies the Inspector in the course of their duty, or the failure by a Contractor to comply with paragraph 4 of regulation 96 bis.

3. bis The Secretary-General shall report any- such acts or failure to comply with regulation 96 bis immediately to the Sponsoring State or States, [, if applicable,] and the flag State of any ship or Installation concerned, and to the [national State]/[State of nationality] of the Inspector for consideration of the institution of proceedings under national law. Appropriate measures may also be taken by the Compliance Committee in accordance with regulation 103.

Comments

- Paragraphs 1 ~~and~~, 1 bis, ~~2, and 3bis~~, have been adjusted to address the situation of those entities (including the Enterprise) that have no sponsoring States.
- In paragraph 2 and 3, the reference to sponsoring States only concern potential situations (as clarified in both cases by the word “any”). As such, it is not necessary to add “if applicable”, as that situation will simply not occur in the case of the Enterprise.

Annex I

Application for approval of a Plan of Work to obtain an Exploitation Contract

Section I

Information concerning the applicant

14. ~~If applicable, I~~ identify ~~the its~~ Sponsoring State or States.

15. In respect of each Sponsoring State, provide the date of deposit of its instrument of ratification of, or accession or succession to, the United Nations Convention on the Law of the Sea of 10 December 1982 and the date of its consent to be bound by the Agreement relating to the Implementation of Part XI of the Convention.

~~15.ter.~~ A description of the Contractors and, ~~if applicable,~~ the Sponsoring States (or States) compliance enforcement strategies, and how these align with the Rules of the Authority.~~†~~

16. Attach a certificate of sponsorship issued by the Sponsoring State or States ~~if applicable.~~

Comments

- Paragraphs 14, and 15 have been adjusted to address the situation of those entities (including the Enterprise) that have no sponsoring States.

Annex III

Financing Plan

~~†(i) Details of any insolvency proceedings, currently disqualification from acting as a company director or trustee of any fund organisation, unspent convictions for any financial crime or offence involving dishonesty, in any jurisdiction, involving key personnel from the Contractor’s management, senior staff, and, if applicable, ownership, parent company, subsidiaries, or sub-contractors.†~~

Comments

- Paragraph (j) has been adjusted to address the situation of those entities (including the Enterprise) that have no ownership, parent company, or subsidiaries.

Annex IX

Exploitation Contract and schedules

The Schedules to the Exploitation Contract

Schedule 1 bis

[Certificate of sponsorship, if applicable]

Schedule 14

The Parent Company Liability Statement, if applicable.

Comments

- The schedules have been adjusted to reflect the situation of the Enterprise.

Annex X

Standard clauses for Exploitation Contract

Comments

- Appropriate to include the Enterprise in this Annex. It is intended that the Enterprise operates as other Contractors do in this respect (noting that Section 11 provision for termination of sponsorship has been omitted).

Annex XI

Parent Company Liability Statement

Comments

- While Annex XI does not apply to the Enterprise (which has no Parent Company), it is suggested that this aspect should be addressed in the Regulations, without amending the text of the Annex itself.

Schedule

Use of terms and scope

“Change of Control”

means where there is a change resulting in ownership of 50 percent or more of the Contractor (with the exception

	<u>of the Enterprise</u>), or of the membership of the joint venture, consortium or partnership, as the case may be, or a change resulting in ownership of 50 percent or more of the entity providing an Environmental Performance Guarantee <u>Alt.1 means the occurrence of any of the following events: (a) a transaction by which any person or group obtains beneficial ownership of more than 50% of the outstanding voting stock of the Company or newly represents more than 50% of the combined voting power with respect to the election of directors; (b) a merger or consolidation of the Company with any other entity where the resulting entity is not controlled by the Company's preexisting shareholders; (c) the sale or transfer of substantially all of the Company's assets; (d) a change in the majority of the Company's Board of Directors as the result of a transaction</u> <u>Alt.2 means a Change of Control of an Applicant or of a Contractor (with the exception of the Enterprise), ~~a Change of Control of a Contractor~~, or a Change of Control of an entity providing an Environmental Performance Guarantee on behalf of a Contractor, as applicable.</u>
["Parent Company Liability Statement"]	[means the statement that is to be validly signed by the Contractor <u>(with the exception of the Enterprise)</u> and the Contractor's Managing Company on behalf of those companies, and provided by the Contractor as Schedule 14 to the Exploitation Contract, as amended from, yet substantially in the same form as, Annex XI to these Regulations.]
"Related Parties" or "Related Party"	means parties that belong to the same corporate structure, such as a parent and subsidiary company, or sister companies which are both subsidiaries of the same parent company, and a state enterprise shall be considered a "~~R~~Related ~~p~~Party" vis-à-vis its host State party or a Contractor sponsored by its host State party unless evidence is provided that any costs, prices and revenues have been charged or determined on an arm's-length basis.

Comments

- The original and the second alternative definitions of "Change of Control" have been proposed adjusted to reflect the situation of the Enterprise.
- Also, the definition of "Parent Company Liability Statement" is proposed to be amended so as not to apply to the Enterprise.
- The definition of "Related Party" does not need to be changed, in light of the amendments proposed to draft regulation 78.