for each of the next two years. The Executive Secretary shall transmit draft budgets for each of those years to the members together with a schedule of contributions not later than sixty (60) days before the regular meeting of the Commission at which those budgets are to be considered. In the event that the Commission cannot reach consensus on the adoption of an annual budget for any given year, the Commission budget for the previous year shall carry forward for that year.

3. The budget shall be divided among members of the Commission in accordance with a formula to be adopted, by consensus, by the Commission. A member of the Commission that has become a member during the course of a financial year shall contribute to the budget an amount proportional to the number of complete months remaining in the year calculated from the day it became a member.

4. The Executive Secretary shall notify each member of the Commission of the amount of its contribution. Contributions shall be paid not later than four months after the date of this notification, in the currency of the State in which the Secretariat of the Commission is located. A member of the Commission that cannot meet the deadline shall explain to the Commission the reason it is unable to do so.

5. A member of the Commission that has not paid its contributions in full for two consecutive years shall not be entitled to participate in the making of decisions by the Commission, nor may it present objections to any decisions taken by the Commission, until it has discharged its financial obligations to the Commission.

6. The financial affairs of the Commission shall be audited annually by external auditors to be selected by the Commission.

Article 13
Flag State Duties

1. Each Contracting Party shall take such measures as may be necessary to ensure that fishing vessels entitled to fly its flag:

   (a) operating in the Convention Area comply with the provisions of this Convention and measures adopted pursuant to this Convention and that such vessels do not engage in any activities that undermine the effectiveness of such measures; and

   (b) do not conduct unauthorized fishing activities within areas under the national jurisdiction of another State adjacent to the Convention Area.

2. No Contracting Party shall allow any fishing vessel entitled to fly its flag to be used for fishing activities in the Convention Area unless it has been authorized to do so by the appropriate authority or authorities of that Contracting Party. Each Contracting Party shall authorize the use of vessels entitled to fly its flag for fishing activities in the Convention Area only where it is able to exercise effectively its responsibilities in respect of those vessels under this Convention, the 1982 Convention and the 1995 Agreement.

3. Each Contracting Party shall ensure that fishing activities by fishing vessels entitled to fly its flag undertaken in violation of the provisions of this Convention, as well as measures adopted pursuant to this Convention and the authorization in paragraph 2, constitute a violation under its legal framework.

4. Each Contracting Party shall require fishing vessels that are entitled to fly its flag and that are engaged in fishing activities in the Convention Area:

   (a) to use real-time satellite position-fixing transmitters while in the Convention Area in accordance with procedures developed pursuant to Article 7, subparagraph 2(e);

   (b) to notify the Commission of their intention to enter and exit the Convention Area in accordance with procedures developed pursuant to Article 7, subparagraph 2(f); and

   (c) to notify the Commission of the location of any transshipment of fisheries resources and products of fisheries resources taken in the Convention Area, pending the adoption by the Commission of procedures for the regulation and monitoring of transshipments pursuant to Article 7, subparagraph 2(a).

5. Each Contracting Party shall prohibit vessels entitled to fly its flag from engaging in directed fishing on the following orders: Alcyonacea, Antipatharia, Gorgonacea, and Scleractinia, as well as any other indicator species for vulnerable marine ecosystems as may be identified from time to time by the Scientific Committee and adopted by the Commission.

6. Each Contracting Party shall place observers on board fishing vessels entitled to fly its flag operating in the Convention Area in accordance with the Observer Program which shall be established in accordance with Article 7, subparagraph 2(b). Fishing vessels engaged in bottom fishing in the Convention Area shall have one hundred (100) percent coverage under the Observer Program. Fishing vessels engaged in other types of fishing activities in the Convention Area shall have a level of observer coverage as the Commission may decide.

7. Each Contacting Party shall ensure that fishing vessels entitled to fly its flag accept boarding by duly authorized inspectors in accordance with procedures for the boarding and inspection of fishing vessels in the Convention Area adopted by the Commission pursuant to Article 7, subparagraph 2(c). Duly authorized inspectors shall comply with these procedures.

8. For the purpose of the effective implementation of this Convention, each Contracting Party shall: