(b) Act No. 158 of May 18, 2000
on Prospecting, Exploration for and Exploitation of Mineral Resources from the Seabed
beyond the Limits of National Jurisdiction and Amendments to Related Acts

The Parliament has passed the following law of the Czech Republic:

PART ONE
PROSPECTING, EXPLORATION FOR AND EXPLOITATION OF MINERAL RESOURCES FROM THE
SEABED BEYOND THE LIMITS OF NATIONAL JURISDICTION

CHAPTER I
Introductory provisions

§ 1
Subject matter and purpose

1. This Act governs the rights and obligations of natural persons domiciled in the territory of the Czech
Republic and of legal entities with their seats in the territory of the Czech Republic, engaged in prospecting,
exploration for and exploitation of mineral resources from the seabed and ocean floor and subsoil thereof, beyond
the limits of national jurisdiction as well as the associated state administration activities.

2. The purpose of the Act concerns implementation of principles and rules of international law, according to
which the seabed, the subsoil thereof and the mineral resources specified in section 1 are considered the common
heritage of mankind.

§ 2
Definition of fundamental terms

For the purposes hereof the following terms shall have the respective meanings specified below:

(a) Area means the seabed and ocean floor and subsoil thereof beyond the limits of national jurisdiction as
determined in accordance with international law;

(b) Mineral resources means all solid, liquid and gaseous mineral resources in the Area, including polymetallic
nODULES, polymetallic sulphides and cobalt-bearing crusts;

(c) Prospecting means the identification of mineral resources in the Area including the assessment of their value,
without the right to explore or exploit;

(d) Activities in the Area means all activities of exploration for or exploitation of mineral resources in the Area
along with the corresponding rights, including planning, performing and assessing, exploratory and mining
activities;

(e) Harm to the marine environment means contamination of the marine environment by the introduction by
humans, directly or indirectly, into the marine environment of such substances or energies that exhibit or might
exhibit deleterious effects such as damaging living resources and marine life, endangering human health,
preventing marine activities including fishery or any other lawful utilization of the sea, deteriorating the quality
of sea water and restricting conditions for recreation.
CHAPTER II
Conditions imposed on prospecting and activities in the Area

§ 3
Prospecting and activities in the Area may be carried out by natural persons domiciled in the territory of the Czech Republic or legal entities with their seat in the territory of the Czech Republic under the terms and conditions specified herein ("Authorized Persons"). Work connected with prospecting and activities in the Area shall be managed by, and responsibility for them shall be entrusted to, a natural person to whom the Ministry of Industry and Trade ("Ministry") has granted a certificate of expertise.

§ 4
Conditions imposed on granting a certificate of expertise
A certificate of expertise may be granted under the following conditions:
(a) Minimum age of 21 years;
(b) Soundness in body and mind;
(c) Clean criminal record; and
(d) Demonstration of expertise under § 6.

§ 5
Clean criminal record
1. A person shall be deemed to have a clean criminal record for the purposes hereof if he was not sentenced by a judgement having the force of res judicata:
(a) For a criminal offence, intentional or through negligence, in connection with prospecting or activities in the Area;
(b) For any other intentional criminal offence to an unconditional confinement of at least one year's duration.
2. A person who has committed and been sentenced for any of the crimes specified in section 1 above, if he is considered never to have been sentenced,\(^1\) shall be also deemed to have a clean criminal record.

§ 6
Expertise
1. For the purposes hereof expertise shall mean:
   (a) Completed university education, specialization in geology or mining, and three years of experience in geological surveying or mining mineral raw materials;
   (b) Demonstrable knowledge of either the English or the French language at the level of state language examination;\(^2\) and

\(^1\) For example, §§ 58, 60, 60a and 70 of Act No. 140/1961 Coll., Penal Code, as amended.

(c) Demonstrable knowledge of the provisions hereof; Parts I, XI, XII and XV of the United Nations Convention on the Law of the Sea ("the Convention"); Annexes III to VI to the Convention; the Agreement relating to the Implementation of Part XI of the Convention ("the Agreement") and its Annex; and the mandatory principles, rules, regulations and procedures issued by the International Seabed Authority ("the Authority");

(d) Experience in prospecting or in activities in the Area of at least one year's duration, at least one month of which should be in maritime activities; maritime experience can be replaced by successful graduation from a special course organized by the International Ocean Institute or successful graduation from a training programme organized by the Authority.

2. Expertise shall be demonstrated by a certificate issued by the Ministry pursuant to the protocol of a successful examination concerning expertise specified in section 1, clauses (b) and (c), before an examination board established by the Ministry, provided the remaining requirements for expertise in §§ 4 to 6 and § 7, sections 1 to 3, hereof are met. In testing the expertise under the provisions of section 1, clauses (b) and (c), the examination board shall observe rules of procedure issued by the Ministry.

§ 7
Certificate

1. A natural person who intends to engage in prospecting or activities in the Area as such or as an authorized representative of other persons ("Statutory Representative") shall file with the Ministry an application requesting the issuance of a certificate of expertise.

2. In the application the applicant shall state his/her name and surname, domicile and citizen's card index number or identification number.

3. The applicant shall enclose with the application an excerpt from the criminal record, not older than three months and authenticated copies of documents listed in § 6, section 1, clauses (a) and (d). In the event the applicant, a natural person, has stayed during the last five years outside the territory of the Czech Republic, he/she shall submit documents identified in the preceding sentence from all States in which he/she stayed without interruption for more than three months during the last five years.

4. If the conditions imposed in §§ 4 to 6 and in § 7, sections 1 to 3, are satisfied, the Ministry shall issue a certificate of expertise valid for seven years after the effective date thereof. Otherwise the Ministry shall disallow the application.

5. For issuance of the certificate of expertise the Ministry shall charge a fee in accordance with a separate regulation.

---


3) § 11 of the Criminal Record Act No. 269/1994 Coll.

4) Act No. 368/1992 Coll., on Administrative Charges, as amended; item No. 22, clause (a), of the Administrative Charges Tariff.
§ 8

Prospecting

1. The Authorized Person shall notify the Authority in writing of an intention to prospect. The notification shall be submitted in any of the official languages of the United Nations.

2. In the notification the Authorized Person shall state:
   (a) His/her name and surname, nationality, citizen's card index number or identification number if a natural person;
   (b) Its business name, registered office and identification number, if a legal entity;
   (c) Name and surname, domicile, citizen's card index number or identification number and nationality of natural persons that constitute the statutory body of the legal entity involved, if such body exists;
   (d) Telephone/fax number and email address;
   (e) Name and surname, domicile, citizen's card index number or identification number and nationality of the natural person acting as the Statutory Representative;
   (f) Type of mineral resource prospected for;
   (g) The obligation that the prospecting activities will satisfy the provisions of the Convention, the Agreement and the mandatory principles, rules, regulations and procedures as issued by the Authority;
   (h) A consent to inspections by the Authority concerning compliance with the obligation under clause (g);
   (i) Coordinates of the territory in which the prospecting activities will take place;
   (j) A description of the prospecting activities;
   (k) The intended starting date of prospecting;
   (l) The expected duration of prospecting.

3. The Authorized Person shall attach to the notification a document evidencing that insurance against damage caused by the prospecting activities has been put into effect.

4. At the same time the Authorized Person shall send to the Ministry for its records a copy of the notification under section 1 above, authenticated under a specific legal regulation, and an official translation of the notification to the Czech language.

5. The Authorized Person may commence prospecting only after a document evidencing registration of the notification by the Authority has been submitted to the Ministry for its files.

§ 9

Activities in the Area

1. The Authorized Person may carry out activities in the Area only pursuant to a written contract concluded between the Authorized Person and the Authority, and under the terms and conditions laid down herein.

2. Negotiations with the Authority concerning activities in the Area may start only after the Ministry has issued its prior consent (“certificate of sponsorship”).

---

2) Act No. 41/1993 Coll., on Authentication of Coincidence of Copies or a Copy and the Original and Issuance of Certificates by the Municipalities and District Offices, as amended by Act No. 15/1997 Coll.

§ 10
Certificate of sponsorship

1. In an application requesting a certificate of sponsorship the Authorized Person shall state:

(a) His/her name and surname, nationality, citizen's card index number or identification number, if a natural person;
(b) Its business name, registered office and identification number, if a legal entity;
(c) Name and surname, domicile, citizen's card index number or identification number and nationality of natural persons that constitute the statutory body of the legal entity involved, if such body exists;
(d) Telephone/fax number and email address;
(e) Type of mineral resource the activities in the Area will be focused on;
(f) The obligation that the activities in the Area will comply with the provisions of the written contract concluded with the Authority, the Convention, the Agreement and the mandatory principles, rules, regulations and procedures issued by the Authority;
(g) A consent to inspections by the Authority concerning compliance with the obligation under clause (f);
(h) Specification of works to be carried out as part of activities in the Area;
(i) The expected starting date of activities in the Area;
(j) The expected duration of activities in the Area;
(k) Location of activities in the Area;

2. The Authorized Person shall enclose with the application:

(a) An excerpt from the Companies Register, if a person obliged to be entered in the Companies Register is involved;
(b) A document evidencing that a Statutory Representative has been appointed, unless the Authorized Person is the holder of a certificate of expertise;
(c) A document evidencing that an amount of at least US$ 30 million or its equivalent in another currency was expended for prospecting; not less than 10 per cent of the above amount must have been expended for determination of the location, surveying and assessment of that part of the seabed, ocean floor or subsoil thereof to which the activities in the Area will refer pursuant to section 1, clause (h);
(d) A draft plan of work under section 1, clause (h), underlying the contract to be concluded with the Authority and covering performance of the work;
(e) A document evidencing ownership or lease of an exploratory vessel or a mining aggregate;
(f) A document evidencing insurance against damage caused by activities in the Area;
(g) A document evidencing availability of financial funds covering the work under section 1, clause (h);
(h) A document evidencing payment of the fee charged for the application requesting a Certificate of Sponsorship.

3. The Authorized Person, member of an international consortium that intends to carry out activities in the Area, shall similarly specify in the application the particulars and enclose documents under sections 1 and 2 above.
4. The Authorized Person that concluded with the Authority a contract covering only exploration for mineral resources and that intends subsequently to exploit shall, prior to exploitation, conclude with the Authority a contract covering exploitation. Prior to entering into such contract the Authorized Person shall obtain from the Ministry a new certificate of sponsorship with exploitation. The application requesting this certificate of sponsorship shall specify the data items listed in sections 1 and 2.

5. The Ministry shall decide on granting the certificate of sponsorship after consultation with the Ministry of Foreign Affairs. If the conditions set forth in the preceding section are satisfied, the Ministry shall issue a certificate of sponsorship valid for 15 years. The Ministry may extend this period of validity by no more than five years, provided the Authorized Person is able to demonstrate that it has been unable to complete all work included in the activities in the Area as specified in section 1, clause (h). In the certificate of sponsorship the Ministry shall state the data items listed in section 1, clauses (a) or (b), (e), (f), (h) and (k). In the event the conditions for granting the certificate of sponsorship are not met, the Ministry shall disallow the application.

6. For an application requesting issuance of a certificate of sponsorship, the Ministry shall charge a fee in accordance with the Administrative Charges Act.

7. The Ministry shall issue a certificate of sponsorship in the Czech language and at the same time arrange for an official translation into English or French.³

CHAPTER III
Rights and obligations of Authorized Persons

§ 11

The Authorized Person shall:

(a) Notify the Ministry without delay of all changes and additions related to the data and documents set forth as essentials for notification of prospecting activities or the application requesting issuance of a certificate of sponsorship;

(b) Prior to starting prospecting or activities in the Area, effect insurance against damage caused in the Area with an insurer certified under a separate legal regulation;³¹

(c) Remove the consequences of damage the Authorized Person caused by prospecting or activities in the Area; in this instance damage means death, damage to health or property, and harm to the marine environment in the Area.

§ 12

An Authorized Person for which the Authority registered a notification of prospecting or with which the Authority concluded a contract covering activities in the Area may request the Authority to give consent to the assignment to another legal entity or natural person of its rights, obligations and duties ensuing from the registration or the contract only if the Ministry issues a decision in which it gives its consent to such assignment.

§ 13
Settlement of disputes

Disputes connected with prospecting or activities in the Area shall be resolved pursuant to the provisions of articles 186 to 190 of the Convention.

§ 14
Concurrent proceedings

If the Authorized Person is subject simultaneously to proceedings undertaken by the Authority for violation of the mandatory principles, rules, regulations and procedures issued by the Authority in connection with prospecting or activities in the Area and by the Ministry for violation of the provisions hereof, the Ministry shall suspend the proceedings until it receives a valid decision of the Authority. Should the Authority decide on recourse, the Ministry shall discontinue the proceedings; otherwise the proceedings instituted by the Ministry shall continue.

CHAPTER IV
State administration

§ 15

The Ministry shall:
(a) Keep records of notifications registered by the Authority under § 8, sections 4 and 5;
(b) Appoint and recall members of the expert examination board established to test the expertise set forth in § 6, section 1, clauses (b) and (c), and issue rules of procedure of the board;
(c) Decide on issuance and revoke certificates of expertise, and keep the corresponding records;
(d) Decide on issuance and revoke certificates of sponsorship granted according to §§ 10 and 17 and keep the corresponding records; inform the Authority about the issuance or expiration of certificates of sponsorship, always stating the reasons therefor;
(e) Give consent to assignment of rights, obligations and duties under § 12 and keep the corresponding records;
(f) Carry out the inspection activities under § 16;
(g) Levy fines under § 18.

§ 16
Inspection activities

1. The Ministry shall oversee compliance with the provisions hereof. With regard to Authorized Persons the Ministry shall in particular:
(a) Examine documentation and records referring to prospecting or activities in the Area;
(b) Inspect objects, facilities and workplaces used for prospecting or activities in the Area;
(c) Demand the submission of documents demonstrating fulfilment of obligations hereunder.

2. Authorized Persons shall afford the inspectors access to the documents indicated in section 1, clauses (a) and (c), and access to objects, facilities and workplaces under section 1, clause (b).
3. Unless stipulated otherwise herein the inspection procedure shall be governed by a separate legal regulation.10

§ 17
Revocation and expiration of certificate of sponsorship

1. The Ministry shall revoke a certificate of sponsorship in the event the Authorized Person involved:
   (a) Fails to fulfil the obligation under § 10, section 1, clause (f);
   (b) Refuses to submit to an inspection under § 16; or
   (c) According to a notification of the Authority, has caused harm to the marine environment.

2. A certificate of sponsorship shall expire:
   (a) If granted to a natural person upon demise or declaration of death;
   (b) On the date of dissolution of the legal entity involved;
   (c) Upon declaration of bankruptcy or if a petition requesting declaration of bankruptcy is dismissed for insufficient assets;
   (d) As of the expiration date of the title granted pursuant to the Convention;
   (e) Upon the expiration of its term;
   (f) Upon a request of the Authorized Person involved as of the date of its delivery to the Ministry.

§ 18
Fines

For a violation of the obligations stipulated herein the Ministry shall levy a fine of up to:
   (a) CZK 100 million on a person engaged in activities in the Area without a contract concluded with the Authority under § 9, section 1;
   (b) CZK 10 million on a person engaged in prospecting without an appointed Statutory Representative under § 7, section 1, and § 22, section 1, unless the person himself is authorized to prospect;
   (c) CZK 10 million on a person identified in § 22, section 2, that has failed to adapt its legal status to the provisions hereof within the prescribed period;
   (d) CZK 1 million on a person that has violated any of its other obligations hereunder.

§ 19

1. A fine under § 18 may be levied within three years from the date on which the Ministry becomes aware of the violation, but never later than ten years after the date on which the violation took place.

2. The seriousness, impact and duration of the illegal activity, the scope of the ensuing damage as well as the timely and effective cooperation extended by the offender in alleviating the damage shall be taken into account in determining the amount of the fine.

10 Act No. 552/1991 Coll., on State Control, as amended.

3. Fines levied under § 18 shall be collected and exacted by the Ministry; in exacting the fines the Ministry shall observe a separate legal regulation.\textsuperscript{11} Revenues from the fines shall constitute income of the state budget.

\textbf{CHAPTER V}

\textbf{Common and transitional provisions}

\textbf{§ 20}

Promulgated international conventions binding on the Czech Republic shall apply to relationships connected with prospecting and activities in the Area not governed by this Act. If there is no such convention the principles and rules of the general international law shall apply.

\textbf{§ 21}

Proceedings instituted hereunder shall be governed by the provisions of the Administrative Procedure Code, unless stipulated otherwise herein.

\textbf{§ 22}

1. An Authorized Person that wishes to become a member of an international consortium engaged in prospecting or activities in the Area shall first employ a person who is a holder of a certificate of expertise under this Act, unless a certificate of expertise has been granted to the Authorized Person himself.

2. A natural person or a legal entity that has become a member of an international consortium engaged in prospecting or activities in the Area prior to the effective date hereof shall adapt its legal status to the provisions of this Act within two years from its effective date.

3. If the Czech Republic is a member of an international consortium, the state administration authority with jurisdiction under a separate legal regulation shall arrange, within two years from the effective date hereof, for the person representing the Czech Republic in the consortium to be a holder of a certificate of expertise hereunder.

\textbf{PART TWO}

\textbf{AMENDMENT TO THE ADMINISTRATIVE CHARGES ACT}

\textbf{§ 23}


In item 22 of the Administrative Charges Tariff, a clause (m) is added, reading as follows:

\textsuperscript{11} Act No. 337/1992 Coll., on Administration of Taxes and Imposts, as amended.
"(m) Filing an application for a certificate of sponsorship with activities in an area of the seabed and ocean floor and subsoil thereof, beyond national jurisdiction ........................................ CZK 100,000.-".

PART THREE
AMENDMENT TO THE TRADE LICENSING ACT

§ 24


"(ac) prospecting and exploration for, and exploitation of mineral resources from the seabed and ocean floor and the subsoil thereof, beyond national jurisdiction.23j"

23j Act No. 158/2000 Coll., on Prospecting, Exploration for and Exploitation of Mineral Resources from the Seabed beyond the Limits of National Jurisdiction and Amendments to some Acts’.”

PART FOUR
EFFECTIVE DATE

§ 25

This Act shall enter into effect as of the 15th day after its publication.

Klaus
Havel
Zeman