

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 27TH 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:

President's text

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 21

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.

2. A State may terminate its sponsorship by providing to the Secretary-General a written notice of termination and describing the reasons for such termination. Unless such written notice specifies an earlier or later effective termination date according to the terms of the sponsorship, termination of sponsorship takes effect no later than **12** months after the date of receipt of the notification by the Secretary-General, except for termination due to a Contractor's non-compliance under its terms of sponsorship, in which case termination takes effect no later than 6 months after the date of such notification. A State that issues a written notice to terminate may rescind such notice by written notice to the Secretary-General at any point, prior to the date the termination of sponsorship takes effect.

3. In the event of termination of sponsorship, the Contractor shall, within the period referred to in paragraph 2 above or by the date specified in the written notice, obtain another **S**sponsoring State or States in accordance with the requirements of regulation 6, and in particular in order to comply with regulation 6 (1) and (2). Such State or States shall submit a certificate of sponsorship in accordance with regulation 6. The exploitation contract terminates automatically if the Contractor fails to obtain a **S**sponsoring State or States within the required period or by the specified date, unless the Contractor has notified the Authority in writing within the required period or

before the specified date that it intends to apply or has applied for consent to transfer its rights and obligations under an exploitation contract pursuant to regulation 23.

6. After a Sponsoring State has given a written notice in accordance with paragraph 2 above, the Council, based on the recommendations of the Commission, which shall take account of the reasons for the termination of sponsorship and **in the case of termination of sponsorship that relates to a material breach of the terms of the exploitation contract** may require the Contractor to suspend, **[or continue the suspension of,]** its mining operations until such time as **the Contractor has proved to the satisfaction of the Council that any breach of the terms of the exploitation contract has been addressed and** a new certificate of sponsorship is submitted or the Sponsoring State rescinds its written notice pursuant to paragraph 2 above.

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

Paragraph 2: we consider it important that this paragraph reflects and respects any legal arrangements in place at the sponsoring State level regarding termination, either in national laws or the sponsorship agreement. Such arrangements will contain specific termination provisions and associated timelines, under which sponsorship can be terminated for non-compliance or otherwise. It should be noted that any termination for non-compliance may be unrelated to any breach of the terms and conditions of an ISA exploitation contract and the sponsored contractor may be afforded the opportunity to remedy any non-compliance or breach.

Termination of sponsorship is a material event, and there needs to be due consideration around the circumstances and timing of any termination at the sponsoring State level to provide the necessary degree of commercial certainty and regime stability and afford a contractor who is in compliance with the terms and conditions of its exploitation contract with the ISA to find another sponsoring State.

Paragraph 3: the specified date or period of time under paragraph 2 may be insufficient for a contractor to complete formalities with a new sponsoring State or States as well as apply to the Authority for its consent to any transfer of rights and obligations. Consequently, if a contractor finds a new sponsoring State it should be in a position to notify the Authority of its intention to make an application for consent to a transfer, and the exploitation contract remains in force until the outcome of the Council's decision.

Paragraph 6: Again, any termination of sponsorship may be unrelated to a matter of non-compliance with the exploitation contract. Consequently, there should be no suspension in operations unless the contractor is in breach of the terms and conditions of the exploitation contract.