

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 29TH SESSION:
COUNCIL - PART II**

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(s) of Delegation(s) making the proposal:

The Pew Charitable Trusts

2. Please indicate the relevant provision to which the textual proposal refers.

Draft regulation 21

3. 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. Without prejudice to any terms, rights or obligations between a State and a Contractor under the terms of sponsorship, [if a State ~~may~~ terminates its sponsorship [of a Contractor, it shall promptly] ~~by providing to~~ the Secretary-General with a written notice describing the reasons for such termination and the date the termination is to take effect, ~~and no earlier than the following timeframe:~~

~~(a) Termination due to a Contractor’s material non-compliance under its terms of sponsorship: termination to takes effect [no earlier] [no later than] [6] months after the date of receipt of the notification by the Secretary General; [or]~~

~~(b) Termination due to reasons other than those listed in paragraph (a) above: termination to takes effect no [earlier] [later] than 12 months after the date of receipt of the notification by the Secretary General.]~~

2. bis If the reasons for termination of sponsorship include non-compliance under its terms of sponsorship, the Contractor must, ~~if instructed to by the Secretary General based upon their determination that the reason for termination justify suspension,~~ suspend its **Exploitation activities** until the Council has considered the matter in accordance ~~with paragraph 6 below~~ regulation 29ter.

3. In the event of termination of sponsorship the Contractor ~~may, prior to the termination date referred to in paragraph 2 above~~ obtain another 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 Sponsoring State or States within the required period ~~unless the Contractor has sought the Council’s consent to transfer its rights and obligations under the Exploitation Contract pursuant to Regulations 23.~~

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

For DR21 paragraph (2), although we appreciate the wording here is consistent with the Exploration Regulations, we would question the lawfulness and the reasoning for the ISA imposing specific time limits on a State’s termination of sponsorship as laid out in sub-paragraphs (a) and (b). Like Belgium, we believe it seems

unnecessary interference with the sponsoring State's own decision-making, where there may be very good reasons for a shorter termination period. The ISA unilaterally settling a timeframe in the Regulations on a relationship that is actually outside of its control, could cause a sponsorship vacuum or liability confusion.

In paragraph (2)(bis), like Costa Rica, Germany, UK, Spain and Brazil, we do not consider a decision whether to suspend a Contract in a situation of non-compliance to be within the legal powers of the Secretary-General, and so do not support the private sector contractors' proposed amendments here. We would also recommend that this paragraph (and any other DRs that invoke suspension), cross-refer to DR29bis - the regulation about suspensions - to ensure appropriate and consistent procedure and decision-making is followed.