SUBMISSION OF TEXTUAL PROPOSALS DURING THE 28TH 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:** Australia

3. **Please indicate the relevant provision to which the textual proposal refers:**

   Regulation 21 - proposed amendments are in green text

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.**

Regulation 21

Termination of sponsorship

[Alt. Requirement for State 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, throughout the 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)].

[1.bis.   A Contractor shall promptly notify the Authority if the Contractor's Sponsoring State or States terminates its sponsorship.]

2.   [A State may terminate its sponsorship by providing to the Secretary-General a written notice describing the reasons for such termination. Termination of sponsorship takes effect no later than 12 months after the date of receipt of the notification by the Secretary-General [unless the notification specifies a later date], 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.]

[2.alt. [Without prejudice to any terms, rights or obligations between a State and a Contractor under the terms of sponsorship,] [A] [a] State may terminate its sponsorship by providing to the Secretary-General a written notice describing the reasons for such termination and the date termination is to take effect. [no earlier than] taking into account the following timeframes:

(i) Termination due to a Contractor's [material] non-compliance under its terms of sponsorship, [negligence or environmental damage]: termination to take effect [no earlier] [no later than] [6] months after the date of receipt of the notification by the Secretary-General;

(ii) Termination due to reasons other than those listed in subparagraph (i) above: termination to take effect no [earlier] [later] than 12 months after the date of receipt of the notification by the Secretary-General.]

[2.alt.bis. If the reasons for termination of sponsorship include non- compliance under its terms of sponsorship, [negligence or environmental damage], the Contractor must suspend its mining operations until the Council has considered the matter in accordance with paragraph 6 below.]

…

8. If a Sponsoring State terminates its sponsorship of a Contractor, this has no impact on the sponsorship of that Contractor by any other Sponsoring State except in circumstances where the sponsorship termination occurred due to the reason in subparagraph 2(i). Where the reason for termination of sponsorship is due to the reason in subparagraph 2(i), any other Sponsoring State or States will also be deemed to have terminated sponsorship of the Contractor that is non-compliant under its terms of sponsorship.

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

As this Draft Regulation contemplates more than one Sponsoring State, Australia considers there needs to be explicit provision for what happens when only one Sponsoring State terminates its sponsorship. Australia suggests inserting a new sub-regulation providing that sponsorship by the remaining Sponsoring State or States continues, except in circumstances where termination occurred due to reasons in subparagraph 2(i), that is, where there was a material non-compliance by the Contractor under its terms of sponsorship.