

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 28<sup>TH</sup> 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](mailto:council@isa.org.jm).

**1. Name of Working Group:**

President's Text

**2. Name(s) of Delegation(s) making the proposal:**

Federal Republic of Germany

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

DR 21

**Green text** is in original draft; **blue text** indicates Germany's textual proposals

**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. The sponsoring State or States shall also promptly notify or confirm any termination of sponsorship to the Authority.]~~

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, as defined in this Regulations,] [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 **immediately** suspend its mining operations until the Council has considered the matter in accordance with paragraph 6 below.]

3. In the event of termination of sponsorship, [due to reasons other than those listed in subparagraph 2 (i)] the Contractor may shall, [within the period referred to in [sub]paragraph 2 (ii)] [before the previous State's sponsorship ends], 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].

[3.bis. In the event that the Contractor is able, within the relevant period, to obtain another Sponsoring State or States in accordance with sub-paragraph 3, the Authority shall deal expeditiously with any consents that are required as a result under regulations 23 or 24.]

4. A Sponsoring State or States is not discharged from any obligations accrued while it was a Sponsoring State by reason of the termination of its sponsorship nor shall such termination affect any legal rights and obligations created during such sponsorship [consistent with the requirements of contractors, including as set forth in Annex III, Article 17.2(e) of the Convention].

5. The Secretary-General shall **promptly** notify, ~~[as soon as practicable,]~~ the members of the Authority of a termination or change of sponsorship.

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

- Germany prefers the original title.
- We agree with the additions in paragraph 1.
- We also agree with the insertion of paragraph 1(bis), although we suggest that both the contractor and the sponsoring state should respectively notify the Authority of any such termination.
- We concur with the deletion of the original paragraph 2. However, we would like to hear views on the proposed text insertion (in green) in paragraph 2 alt and wonder if that is necessary.
- More importantly, we would like clarification on the meaning of the phrase “terms of sponsorship” and what this entails. We would prefer if this were better specified as it could carry significant repercussions. Hence, we suggest including a definition in the Regulations for this term.
- We would like to discuss the proposed addition to paragraph 3 as well, pertaining to the transfer of rights, since a change in sponsorship might be needed in any case when that happens (see DR 23(4)(b), which anticipates a new sponsoring certificate). The same concern applies to paragraph 3(bis).
- Germany sees the need for a more in-depth consideration of the linkages between the relevant regulations that deal with sponsorship requirements and the exploitation contract, particularly in cases involving changes in ownership and transfer of rights. This deserves further attention, in conjunction with the ongoing discussion on effective control.