



REPUBLIC OF NAURU

# NAURU SEABED MINERALS AUTHORITY ACT 2024

---

No. 13 of 2024

---

An Act to provide for the Nauru Seabed Minerals Authority which will implement the Republic's engagement in Seabed Mineral Activities in the Area beyond national jurisdiction and the associated administrative functions of the Republic, and for other related purposes.

Certified: 20 August 2024

## Table of Provisions

<b>PART 1 – PRELIMINARY</b> .....	4
1 Short title .....	4
2 Commencement .....	4
3 Objectives of the Act .....	4
4 Interpretation .....	5
5 Jurisdiction over Seabed Mineral Activities in the Area vests in the ISA .....	8
<b>PART 2 – NAURU SEABED MINERALS AUTHORITY</b> .....	9
6 Nauru Seabed Minerals Authority .....	9
7 Board of Directors .....	10
8 Chief Executive Officer .....	10
9 Staff of the Authority .....	11
10 Code of Conduct .....	11
11 Functions of the Authority .....	11

12	Powers of the Authority .....	13
	<b>PART 3 – SPONSORSHIP APPLICATION AND APPLICATION TO THE ISA .....</b>	<b>13</b>
13	Invitation for Sponsorship Applications .....	13
14	Sponsorship Application.....	13
15	Requirements of the Sponsorship Application .....	14
16	Processing of Sponsorship Applications .....	15
17	Qualification Criteria for issuance of Sponsorship Certificate.....	16
18	Recommendation to the Cabinet.....	17
19	Sponsorship Certificate recommendation .....	17
20	Sponsorship Certificate Decision .....	18
21	Publication in the Gazette of a successful application .....	18
22	Sponsorship Certificate .....	18
23	Application by Sponsored Party to ISA .....	18
24	Material Changes and updated information .....	19
25	Sponsorship Agreements.....	19
	<b>PART 4 – OBLIGATIONS PERTAINING TO THE CONDUCT OF SEABED MINERAL ACTIVITIES .....</b>	<b>19</b>
26	Sponsored Party’s duties pertaining to Seabed Mineral Activities .....	19
27	Sponsored Party’s obligations in relation to Affiliates and Associates .....	22
28	Eligibility to perform Seabed Minerals Activities .....	23
29	Liability of Sponsored Party .....	23
	<b>PART 5 – ROLE OF THE REPUBLIC AS A SPONSORING STATE .....</b>	<b>24</b>
30	Responsibilities of Nauru as a Sponsoring State .....	24
31	Monitoring powers.....	26
32	Administrative Action.....	26
	<b>PART 6 – REGISTRATION, TERMINATION AND REVOCATION OF SPONSORSHIP .....</b>	<b>27</b>
33	Records and Confidentiality .....	27
34	Disclosure of payments.....	29
35	Security of Tenure.....	29
36	Termination of Sponsorship .....	29
37	Directions upon termination of Sponsorship Certificate.....	29
38	Ongoing obligations and liability of Sponsored Party after termination .....	30
39	Surrender of sponsorship.....	30
40	Assignment of rights and obligations.....	30
41	Change of ownership, constitution or control of a Sponsored Party.....	32
42	Revocation of a Sponsorship Certificate .....	32
43	Notice of revocation .....	33
44	Temporary continuation of sponsorship .....	34
	<b>PART 7 – FISCAL ARRANGEMENTS .....</b>	<b>35</b>
45	Principle of cost recovery for applicable fees .....	35
46	Process for annual administration fee .....	35
47	Seabed Mineral Recovery Payment.....	36
48	Seabed Minerals Fund.....	36

49	Rules for the operation and management of the Seabed Minerals Fund .....	37
50	Recovery of payments owed by Sponsored Parties.....	37
51	Taxation .....	37
52	Security Deposit.....	37
	<b>PART 8 – JURISDICTION OF THE SUPREME COURT AND DISPUTE RESOLUTION .....</b>	<b>38</b>
53	Jurisdiction of the Supreme Court to hear and determine matters .....	38
54	Registration of decisions by the Seabed Disputes Chamber .....	38
55	Effect of registration of decisions by the Seabed Disputes Chamber.....	39
56	Disputes .....	39
	<b>PART 9 – OFFENCES .....</b>	<b>40</b>
57	Interference with Seabed Mineral Activities or the Authority .....	40
58	Safety zones around Exploration or Exploitation vessels.....	40
59	Public office holder prohibited from Seabed Mineral rights .....	41
60	Conduct for improper benefit.....	41
61	Offence by body corporate .....	42
	<b>PART 10 – MISCELLANEOUS .....</b>	<b>42</b>
62	Inquiries into incidents.....	42
63	Other sea users .....	42
64	Rights of other States including coastal States not affected .....	42
65	Notice.....	42
66	Transitional and savings provision .....	42
67	Enactment of the Act in recognition of the development of Rules of the ISA and the ISA's monitoring and enforcement capacity .....	43
68	Regulations .....	43
69	Consequential amendment .....	45
70	Repeal.....	45

Enacted by the Parliament of Nauru as follows:

## **PART 1 – PRELIMINARY**

### **1 Short title**

This Act may be cited as the *Nauru Seabed Minerals Authority Act 2024*.

### **2 Commencement**

This Act commences on the date it is certified by the Speaker.

### **3 Objectives of the Act**

The objectives of this Act are to:

- (a) enable the implementation of the Republic's international obligations as a Sponsoring State under the UNCLOS;
- (b) establish the Nauru Seabed Minerals Authority, a statutory body to carry out the Republic's obligations to the ISA and as a Sponsoring State;
- (c) provide for a legal and administrative framework for a sponsorship arrangement to undertake Seabed Mineral Activities in the ISA Contract Area and to assist the ISA in exercising control over such Seabed Mineral Activities;
- (d) provide a legal and administrative framework to establish the relationship between the Republic and Sponsored Party and for the Republic to have Effective Control over the Sponsored Party;
- (e) provide for the Republic to receive payments for its Sponsorship of Seabed Mineral Activities and responsibility for the long-term management of ring-fenced Seabed Minerals Fund received by the Republic from Seabed Mineral Activities;
- (f) provide a system for Sponsorship Applications, and the grant of Sponsorships Certificates under which Sponsored Parties will be authorised to engage in Seabed Mineral Activities under specific and enforceable conditions;
- (g) provide for a Sponsored Party to carry out Seabed Mineral Activities under the Republic's Effective Control in conformity with the UNCLOS and the Rules of the ISA and other applicable requirements of international law and specifically the Republic's duty to protect and preserve the Marine Environment;
- (h) promote transparency in decision making on matters concerning the Republic's management of Seabed Mineral Activities;

- (i) provide a stable, transparent and predictable regulatory environment for investors in Seabed Mineral Activities;
- (j) secure optimum financial and other benefits, long term-economic growth and sustainable development for the Republic from its participation in Seabed Mineral Activities for present and future generations; and
- (k) ensure the availability of recourse for prompt and adequate compensation in respect of unlawful damage caused by Seabed Mineral Activities.

#### 4 Interpretation

- (1) In this Act:

**'Affiliate'** in relation to a Sponsorship Applicant or Sponsored Party, means any person that controls, is controlled by or is under common control with the Sponsorship Applicant or Sponsored Party;

**'Approved Expert'** means an economic, legal, scientific, technical or other expert who is qualified and competent and engaged by the Authority or otherwise engaged by any State, international or regional organisation providing technical service assistance to the Republic, to assess, audit, analyse or verify certain data and information in connection with Seabed Mineral Activities;

**'Area'** means the seabed and ocean floor and subsoil thereof beyond the limits of national jurisdiction, as defined in Article 1(1) of the UNCLOS;

**'Associate'** means a person who acts on behalf of, or enters into an agreement with a Sponsored Party, or a Sponsored Party's Affiliate to carry out all or part of the Seabed Mineral Activities;

**'Best Available Information'** means the best information that, in the particular circumstances, is available without unreasonable cost, effort or time;

**'confidential information'** means all information that is disclosed to the Authority by the Sponsorship Applicant or Sponsored Party or by their Affiliates or Associates, including but not limited to, information relating to the Seabed Mineral Activities, technology, processes and know-how, the location and prospective locations of the Seabed Minerals, confidential information that is restricted or proprietary under any contract or agreement with a third party, business details, customers or suppliers, all technical and research data relating to the Seabed Mineral Activities, financial information and business relationships or other trade secrets or commercially sensitive information;

**'Contingency Plan'** means the emergency response and contingency plan or equivalent plan required of Sponsored Parties by the relevant Rules of the ISA;

**'dump'** has the same meaning as *'dumping'* under the UNCLOS;

**'Effective Control'** means such sponsorship oversight and regulatory control activities exercised by the Authority when taking all necessary and appropriate measures to secure effective compliance by a Sponsored Party with the relevant Rules of the ISA and any written law of the Republic;

**'Exploitation'** has the meaning given to it under the Exploitation Regulations;

**'Exploitation Regulations'** means the regulations governing exploitation of Seabed Minerals in the Area adopted by the ISA pursuant to powers conferred on it by the UNCLOS and as replaced or amended by the ISA from time to time;

**'Exploration'** has the meaning given to it under the Exploration Regulations;

**'Exploration Regulations'** means the regulations on prospecting and exploration for polymetallic nodules in the Area, the regulations on prospecting and exploration for polymetallic sulphides in the Area and the regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area, adopted by the ISA pursuant to powers conferred on it by the UNCLOS and as replaced or amended by the ISA from time to time;

**'incident'** occurs when:

- (a) any ship or installation or other similar item or structure while engaged in Seabed Mineral Activities is lost, abandoned, capsized or incurs significant damage;
- (b) loss of life or injury requiring hospitalisation occurs on board any ship or installation while engaged in Seabed Mineral Activities, except in the case of a loss of life that is certified by an independent medical practitioner as being the result of natural causes;
- (c) the conduct of Seabed Mineral Activities results in significant unanticipated or unlawful adverse impact to or pollution of the Marine Environment;
- (d) the International Seabed Authority issues an emergency order in connection with the Seabed Mineral Activities;
- (e) a Sponsored Party implements a Contingency Plan whether under the relevant Rules of the ISA or otherwise; or
- (f) any other event occurs that is defined as an "Incident" by the relevant Rules of the ISA.

**'International Seabed Authority'** or **'ISA'** means the International Seabed Authority established by Part XI, section 4 of the UNCLOS as the

organisation through which State Parties shall organise and control Seabed Mineral Activities in the Area;

**'ISA Contract'** means a contract for exploration or exploitation entered into between the ISA and a Sponsored Party;

**'ISA Contract Area'** means any part of the Area in respect of which there is in force a contract between a Sponsored Party and the ISA for the conduct of Seabed Mineral Activities;

**'Marine Environment'** has the meaning given to it under the Exploitation Regulations;

**'Marine Scientific Research'** means any lawful study, research or other related scientific activity within the Area whether fundamental or applied, intended to increase knowledge about the Marine Environment for the benefit of all humankind;

**'Minister'** means the Minister responsible for the administration of this Act;

**'Nauru Seabed Minerals Authority'** or **'the Authority'** means the body established under Part 2 of this Act to administer the Republic's sponsorship of Seabed Mineral Activities;

**'person'** includes any natural person or business enterprise and includes but is not limited to, a corporation, partnership, cooperative, association, the Republic or any subdivision or agency, and any foreign State, subdivision or agency of such State or other entity;

**'precautionary approach'** means that, in order to protect the environment, where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation;

**'Qualification Criteria'** means the criteria that shall be met before a Sponsorship Certificate can be issued, as stipulated in Section 17 of this Act;

**'Rules of the ISA'** means any rules, regulations, or procedures adopted by the ISA pursuant to powers conferred on the ISA by the UNCLOS, which are from time to time in force, including binding decisions of any organ of the ISA and any contractual terms contained in a contract between the ISA and a Sponsored Party relating to Seabed Mineral Activities;

**'Seabed Mineral Activities'** means operations for the Exploration or Exploitation of Seabed Minerals within the Area under an ISA Contract under the Republic's sponsorship under this Act;

**'Seabed Minerals'** means hard mineral resources, consisting of any deposit or accretion, on or just below the surface of the deep seabed in the Area, including those in crust, nodule or hydrothermal deposit form, which contain metalliferous elements;

**'Security Deposit'** means any insurance, bank guarantee, trust fund, cash, or other form of financial security acceptable to the Authority that a

Sponsored Party may be required to provide as a guarantee under Section 52 of the Act and as a condition of sponsorship;

**'Sponsored Party'** means a person who holds a current Sponsorship Certificate validly issued under Part 3 of this Act, that person's representatives or officers, and any person or persons to whom the Sponsorship Certificate may lawfully have been assigned;

**'Sponsorship Agreement'** means an agreement entered into between the Republic and a Sponsored Party pursuant to Section 25 of this Act;

**'Sponsorship Applicant'** means a person applying for a Sponsorship Certificate under this Act;

**'Sponsorship Application'** means an Application made by a person for a Sponsorship Certificate under this Act;

**'Sponsorship Certificate'** means a certificate validly issued by the Republic under Part 3 of this Act;

**'Sponsoring State'** means a State Party to the UNCLOS, sponsoring a person to carry out Exploration or Exploitation in accordance with Article 153(2) (b) of the UNCLOS;

**'State Party'** means a State which has consented to be bound by the UNCLOS;

**'UNCLOS'** means the *United Nations Convention on the Law of the Sea* of 10 December 1982 entered into force on 16 November 1994, the *1994 Agreement* and its Annexes; and

**'1994 Agreement'** means the 1994 Agreement Relating to the Implementation of Part XI of the UNCLOS, and any of its Annexes.

- (2) In interpreting any word, phrase or provisions of this Act, the intent and purpose of such provision shall be derived from the objective of this Act and the meaning used in UNCLOS and in the Rules of the ISA.

## **5 Jurisdiction over Seabed Mineral Activities in the Area vests in the ISA**

The Republic recognises:

- (a) that the Area and its resources are the common heritage of humankind;
- (b) that the rights to the Area are governed by the UNCLOS and the Rules of the ISA;
- (c) the ISA's responsibility under the UNCLOS to organise and control activities in the Area on behalf of humankind as a whole, including:
  - (i) processing applications for the approval of plans of work for Exploration and Exploitation;



- (ii) monitoring compliance with plans of work approved in the form of a contract, including through a staff of inspectors; and
  - (iii) adopting rules, regulations and procedures necessary for the conduct of Exploration and Exploitation;
- (d) the rules, regulations, procedures, codes and standards adopted by the ISA for the:
- (i) protection and conservation of the natural resources of the Area and the prevention of damage to the flora and fauna of the Marine Environment;
  - (ii) prevention, reduction and control of pollution and other hazards to, and the interference with the ecological balance of the Marine Environment; and
  - (iii) exercise of control over activities in the Area as is necessary for the purpose of securing compliance with the UNCLOS and the Rules of the ISA by Sponsored Parties carrying out activities in the Area;
- (e) the responsibility of States Parties to assist the ISA in exercising the obligations under the UNCLOS;
- (f) that Seabed Mineral Activities shall be carried out in association with the ISA only by:
- (i) States Parties; or
  - (ii) persons sponsored by States Parties; and
- (g) where the Republic is a Sponsoring State, the State's duty to:
- (i) meet the obligations imposed directly upon the Republic by the UNCLOS; and
  - (ii) maintain Effective Control of any Sponsored Party engaged in activities in the Area, in order to ensure conformity of those activities with the UNCLOS and the Rules of the ISA.

## **PART 2 – NAURU SEABED MINERALS AUTHORITY**

### **6 Nauru Seabed Minerals Authority**

- (1) The Nauru Seabed Minerals Authority is established.
- (2) The Authority shall be a body corporate with perpetual succession and may:
  - (a) sue and be sued;
  - (b) acquire, hold and dispose of property;

- (c) enter into any contract, agreement or any other transaction; and
  - (d) do all other acts that may be done in law by a body corporate.
- (3) The Authority shall have a common seal, which shall be affixed for the purposes of executing any correspondence, document or instrument to bind the Authority.
- (4) All courts, judges and persons acting judicially shall:
- (a) take notice of the common seal of the Authority affixed to a document; and
  - (b) presume the seal was duly affixed.
- (5) The Authority is a Government controlled public enterprise under *Section 9* of the *Public Enterprise Act 2019*.

## **7 Board of Directors**

- (1) The Authority shall have a Board of Directors appointed and holding office in accordance with *Section 37* of the *Public Enterprises Act 2019*.
- (2) The business, operations and affairs of the Authority shall be managed by or under the direction or supervision of, the Board.
- (3) The Board shall consist of 3 members, of which 1 shall be appointed as Chairperson of the Board by the Minister, on the approval of the Cabinet.
- (4) The removal of the members of the Board shall be undertaken in accordance with *Section 42* of the *Public Enterprises Act 2019*.
- (5) The Board shall conduct and perform its functions and exercise its powers in accordance with the requirements of *Part 6, Division 2* of the *Public Enterprises Act 2019*.
- (6) The meetings and proceedings of the Authority shall be undertaken in accordance with the *Public Enterprises Act 2019*.
- (7) The Board shall report to the Minister.

## **8 Chief Executive Officer**

- (1) There shall be established the office of Chief Executive Officer of the Authority, who shall be the administrative head of the Authority.
- (2) The Chief Executive Officer of the Authority shall be appointed by the Minister on the approval of the Cabinet.

- (3) The Chief Executive Officer shall be responsible and accountable to the Board for the management of the business and affairs of the Authority.
- (4) The appointment and the terms and conditions of appointment of the Chief Executive Officer shall be approved by the Cabinet.
- (5) Where the Chief Executive Officer is unable to perform the functions of the office for any reason including any official travel, recreation leave or medical leave, the Minister may appoint another person to act as the Chief Executive Officer for such period as may be necessary.

## **9 Staff of the Authority**

- (1) The Board shall determine the number of persons to be employed by the Authority and the terms and conditions of persons employed.
- (2) The Board may adopt the terms and conditions provided for under the *Public Service Act 2016* as terms and conditions applicable to persons employed by the Authority.
- (3) The Chief Executive Officer may with the approval of the Board appoint the staff of the Authority on a temporary, permanent or contractual basis.

## **10 Code of Conduct**

- (1) The Chief Executive Officer and staff of the Authority shall be bound by the Code of Conduct of the Authority.
- (2) The Code of Conduct shall include all such matters that are contained in Sections 57 and 58 of the *Public Enterprises Act 2019*.

## **11 Functions of the Authority**

- (1) The functions of the Authority are to:
  - (a) be responsible for the Effective Control of the Sponsored Party;
  - (b) develop standards and guidelines for Sponsored Parties to undertake Seabed Mineral Activities;
  - (c) assist and guide persons who seek sponsorship from the Republic to become Sponsored Parties for the purposes of carrying out Seabed Mineral Activities and associated matters under the UNCLOS and the Rules of the ISA;
  - (d) receive, evaluate and conduct due diligence and enquiries for Sponsorship Applicant or Sponsored Party;
  - (e) compile a report with its recommendation to the Cabinet in respect of any Sponsorship Application for Cabinet's consideration;

- (f) prepare draft Sponsorship Agreements for approval by the Cabinet under Section 25;
- (g) prepare and issue Sponsorship Certificates for successful Sponsorship Applicants once approval is granted by the Cabinet;
- (h) communicate with the ISA and any other relevant international organisations to facilitate a Sponsored Party's application to the ISA for a contract, renewal or extension;
- (i) facilitate the Republic's and its Sponsored Party's understanding of and compliance with UNCLOS, the Rules of the ISA, this Act and other applicable international laws related to Seabed Mineral Activities;
- (j) assist the ISA in its work to establish, monitor, implement and secure compliance by a Sponsored Party with UNCLOS and the Rules of the ISA;
- (k) undertake any advisory, supervisory or enforcement activities in relation to Seabed Mineral Activities or the protection of the Marine Environment, insofar as this is required in addition to the ISA's work in order for the Republic to meet its obligations under the UNCLOS as a Sponsoring State;
- (l) require and review relevant reports and information and maintain appropriate records, pertaining to Seabed Mineral Activities;
- (m) establish contractual arrangements with any parties sub-contracted by the Republic to carry out aspects of Seabed Mineral Activities and ensure the terms and conditions of those contracts will hold the contractor to necessary standards to ensure compliance with the UNCLOS, the relevant Rules of the ISA and this Act with Cabinet approval;
- (n) assist the Secretary for Finance to negotiate financial terms in respect of Seabed Mineral Activities with Sponsored Parties and other parties engaged in Seabed Mineral Activities;
- (o) seek advice from Approved Experts to assist the Authority in the discharge of its functions under this Act;
- (p) cooperate with the ISA as may be required by the Rules of the ISA, including cooperation towards the avoidance of unnecessary duplication of administrative procedures and compliance requirements;
- (q) monitor compliance with this Act to enforce the requirements of this Act and of regulations made and sponsorship conditions granted under it;

- (r) conduct periodic reviews of the sponsored Seabed Mineral Activities with the Sponsored Party in accordance with the prescribed procedures;
  - (s) appoint technical committees or such other specialised persons to assist the Authority in carrying out its functions and the objectives of this Act;
  - (t) appoint such persons appearing to the Authority to be qualified for the purpose of observers to assist with the Authority's monitoring, compliance and enforcement functions;
  - (u) share publicly, non-confidential information about Seabed Mineral Activities to inform the work of the Authority and promote public awareness of the requirements of this Act;
  - (v) take into account any recommendations arising from consultation under paragraph (w) or from Cabinet, in its decision-making;
  - (w) consult with persons of relevant expertise, interest groups or the general public before making a decision or action under this Act;
  - (x) develop policies and institutional arrangements for the purpose of regulating and monitoring the conduct of Seabed Mineral Activities; and
  - (y) perform such other functions as may be directed in writing by the Minister or the Cabinet
- (2) The Cabinet or the Minister may give directions, not inconsistent with the provisions of this Act, the Rules of the ISA and the UNCLOS, as to the performance of functions and duties by the Authority.

## **12 Powers of the Authority**

The Authority shall have all the powers necessary for the performance of its functions.

### **PART 3 – SPONSORSHIP APPLICATION AND APPLICATION TO THE ISA**

## **13 Invitation for Sponsorship Applications**

The Authority may:

- (a) invite Sponsorship Applications; or
- (b) engage and collaborate with any potential Sponsorship Applicants.

## **14 Sponsorship Application**

- (1) A Sponsorship Application, by an applicant for sponsorship by the Republic, shall be made to the Authority in the prescribed form.

(2) The application shall be accompanied by the prescribed fee.

## **15 Requirements of the Sponsorship Application**

A Sponsorship Application under Section 14(1) shall comply with the following requirements:

- (a) provide a duly completed application form;
- (b) provide documentary evidence to demonstrate that the Sponsorship Applicant meets the Qualification Criteria;
- (c) provide a copy of the application for the approval of a plan of work to obtain a corresponding contract for the proposed Seabed Mineral Activities prepared in accordance with the relevant Rules of the ISA;
- (d) provide a written undertaking to the Republic by way of statutory declaration that the Sponsorship Applicant:
  - (i) together with its relevant Associates and Affiliates shall fully comply with the obligations under the Rules of the ISA and this Act;
  - (ii) warrants that the content of the Sponsorship Application is true and accurate; and
  - (iii) intends to apply for a contract with the ISA to conduct Exploration or Exploitation in the Area under the sponsorship of the Republic;
- (e) provide a written report or any other form of record containing the studies conducted by the Sponsorship Applicant or other data in relation to the geological and commercial potential of the site or sites within which the proposed Seabed Mineral Activities is intended to be conducted;
- (f) provide a written report or any other form of report conducted by the Sponsorship Applicant or other data in relation to the potential impact of the Seabed Mineral Activities on the Marine Environment;
- (g) provide details of the Sponsorship Applicant's proposed insurance, contingency funding or other methods proposed to cover damage that may be caused by the Seabed Mineral Activities or the costs of responding to an incident;
- (h) provide the name, address and email and telephone contact or any other details of any Affiliate or Associate and a list of key personnel required to operate the Seabed Mineral Activities and an indication if any of these are to be recruited from the Republic;
- (i) where applicable, provide a projection based on the current project details of the Seabed Mineral recovery payment and other amounts payable to the Republic;

- (j) provide a proposal for capacity building programme for the training of citizens of the Republic;
- (k) the requirements of this Act and any prescribed requirements;
- (l) provide a statement as to whether the Sponsored Applicant, its Associates, Affiliates or any of their directors and officers has previously been found on credible evidence to have:
  - (i) breached a material term or condition of an approval, however described, to conduct Seabed Mineral Activities or similar sea or land based activities;
  - (ii) breached the relevant Rules of the ISA, any written law or applicable international law;
  - (iii) been convicted of an offence or incurred a civil penalty pertaining to the conduct of Seabed Mineral Activities or similar sea or land based activities in the Republic or another jurisdiction; or
  - (iv) been convicted of an offence involving fraud or dishonesty; and
- (m) any further matters as may be prescribed.

## **16 Processing of Sponsorship Applications**

The Authority may in the consideration and determination of a Sponsorship Application:

- (a) request further information from a Sponsorship Applicant within a requisite time frame;
- (b) request the Sponsorship Applicant to amend any part of its Sponsorship Application;
- (c) undertake any inquiries and collect any information it considers appropriate about the Sponsorship Applicant and the Sponsorship Application;
- (d) consider relevant information in the public domain, or received through consultation including any information which the Republic may have already in its power, possession or control as part of official records;
- (e) take into account an earlier decision by the ISA to grant a Sponsorship Applicant, a contract for activities similar to those that are the subject of a Sponsorship Application, as evidence in relation to any of the Qualification Criteria for that Sponsorship Application;
- (f) obtain any necessary advice from Approved Experts or the ISA;
- (g) base decisions on Best Available Information; and

- (h) take into account any uncertainty or inadequacy in the information provided.

## 17 **Qualification Criteria for issuance of Sponsorship Certificate**

The Qualification Criteria for a Sponsorship Applicant are as follows:

- (a) the applicant is an existing body corporate, incorporated and registered in the Republic or a public enterprise under the *Public Enterprises Act 2019*;
- (b) has or will have at the commencement of the proposed Seabed Mineral Activities, sufficient financial and technical resources and capability, to:
  - (i) properly perform the Seabed Mineral Activities in compliance with the relevant Rules of the ISA and this Act;
  - (ii) cover the costs of any potential liability arising from incidents, accidents, pollution, or any other serious harm occurring as a result of the Seabed Mineral Activities; and
  - (iii) respond to any incident;
- (c) has adequate risk management strategies, capability and management systems to meet health and safety and environmental requirements under the relevant Rules of the ISA;
- (d) has implemented a system of corporate governance and transparency to support the proper performance of obligations under an ISA Contract, including the effective monitoring and management of Affiliates and Associates;
- (e) has implemented policies and codes of conduct that prohibit discriminatory practices and harassment or bullying and promote diversity and equality in the workplace; and
- (f) that each director or officer, its Affiliates and Associates that are involved in the management of the Sponsorship Applicant's business, engaged or to be engaged in the conduct of all or a material part of the proposed Seabed Mineral Activities and their directors or officers, have not, in any jurisdiction been:
  - (i) found on credible evidence to have breached a term or condition of an approval, however described, to conduct seabed mineral activities or similar sea or land-based activity;
  - (ii) convicted of an offence relating to the conduct of seabed mineral activities or other sea or land-based exploration or exploitation activity under any natural resource, health and safety, or environmental laws; or
  - (iii) convicted of an offence involving fraud or dishonesty;



- (g) in considering the criteria under paragraph (f), the Authority shall take into account the seriousness and impact of the Sponsorship Applicant's conduct or that of a director or officer, or relevant Affiliate or Associate, and any mitigating circumstances, including any remedial action taken and the time elapsed since any breach or conviction; and
- (h) has paid the applicable fee.

## **18 Recommendation to the Cabinet**

- (1) The Authority having considered and determined a sponsorship application shall only recommend to the Cabinet, the issuance of a Sponsorship Certificate, where it is satisfied that:
  - (a) the Sponsorship Application complies with the requirements of this Act and the relevant Rules of the ISA;
  - (b) the undertaking required by Section 15(d) has been given;
  - (c) the Qualification Criteria are met; and
  - (d) the proposed Seabed Mineral Activities:
    - (i) will not result in irreparable harm to any community, cultural practice or industry in the Republic;
    - (ii) would be generally in the national interest, taking into account the potential for capacity-building, local employment and the long-term benefit to the Republic; and
    - (iii) are consistent with the UNCLOS and the relevant Rules of the ISA.
- (2) Where the ISA has not completed the elaboration or adoption of any Rules of the ISA applicable to the Sponsored Application or Sponsorship Applicant, the Authority shall consider:
  - (a) any draft or provisionally adopted relevant Rules of the ISA;
  - (b) applicable provisions contained in the UNCLOS on the basis of the norms contained in the UNCLOS; and
  - (c) the terms and principles contained in the 1994 Agreement,when reviewing such application for the purposes of making a recommendation to the Cabinet.

## **19 Sponsorship Certificate recommendation**

- (1) The Authority shall make a recommendation to Cabinet through the Minister on whether to sponsor the Sponsorship Applicant as soon as practicable or within the prescribed time period after receiving the Sponsorship Application.
- (2) The Minister shall present the recommendation to Cabinet, as soon as practicable or within the prescribed time period after receiving it.

## **20 Sponsorship Certificate Decision**

- (1) A decision on whether to issue a Sponsorship Certificate shall be made by the Cabinet as soon as practicable, based upon the recommendation from the Authority.
- (2) The decision shall be communicated to the Sponsorship Applicant by the Authority within 10 working days of such decision having been made.
- (3) Where the Cabinet declines to issue a Sponsorship Certificate, the Authority shall:
  - (a) provide the Sponsorship Applicant reasons for the decision in writing;
  - (b) allow the Sponsorship Applicant 21 days from the date of the communication of the decision for the review and reconsideration of the Sponsorship Application; and
  - (c) permit the Sponsorship Applicant to provide additional information for the purposes of reviewing and reconsidering the decision.

## **21 Publication in the Gazette of a successful application**

Where the Cabinet decides to issue a Sponsorship Certificate, such decision shall be published by notice in the Gazette within 30 working days of the decision being made.

## **22 Sponsorship Certificate**

- (1) A triplicate copy of the prescribed Sponsorship Certificate shall be issued under the hand of the Minister.
- (2) The Authority shall provide a triplicate copy of the Certificate issued under subsection (1) to a Sponsored Party.

## **23 Application by Sponsored Party to ISA**

- (1) A Sponsored Party may, on the basis of the Sponsorship Application and Sponsorship Certificate, submit an application to the ISA for a contract for Exploration or Exploitation under the Republic's sponsorship.
- (2) The Authority shall assist the Sponsored Party with the preparation and submission of the application to the ISA.

- (3) The costs of presenting that application to the ISA shall be met by the Sponsored Party, including any costs reasonably incurred by the Republic and approved by the Sponsored Party prior to such costs being incurred, in taking actions either requested by the Sponsored Party or deemed necessary by the Republic under the Rules of the ISA, to support the application before the ISA.

## **24 Material Changes and updated information**

- (1) A Sponsored Party shall without delay notify the Authority in writing, where:
  - (a) any of the information provided pursuant to Section 23 of this Act is proposed to be changed in any material particular, including as a result of comments received or amendments required by the ISA during the Sponsored Party's application for an ISA contract or amendments to the relevant Rules of the ISA; or
  - (b) any new or updated information arises that materially affects the Sponsored Party's ability to meet the Qualification Criteria.
- (2) Where a notification is made pursuant to subsection (1), the Sponsored Party shall consider any comments provided by the Authority in relation to such proposed changes, including proposed changes to the Sponsorship Agreement.

## **25 Sponsorship Agreements**

- (1) The Minister with the Cabinet's approval, may enter into written agreements with the Sponsored Party at any time to establish additional terms and conditions as to the sponsorship arrangement, provided that the terms of such an agreement do not or are not likely to lead to a contravention by the Republic or the Sponsored Party of the UNCLOS, the Rules of the ISA or this Act.
- (2) The Authority shall publish on its website a copy of any written agreement concluded with a Sponsored Party except for confidential information which shall be redacted.
- (3) Where a variation to a Sponsorship Agreement is requested by the Authority or the Sponsored Party including due to a change in the relevant Rules of the ISA or the Republic's international legal obligations as a sponsoring State, the parties shall work together to amend the Sponsorship Agreement.

## **PART 4 – OBLIGATIONS PERTAINING TO THE CONDUCT OF SEABED MINERAL ACTIVITIES**

### **26 Sponsored Party's duties pertaining to Seabed Mineral Activities**

A Sponsored Party undertaking Seabed Mineral Activities shall:

- (a) adhere to the provisions of the relevant Rules of the ISA and this Act;

- (b) provide sufficient training, supervision and resources to employees or agents so as to ensure compliance with the relevant Rules of the ISA, this Act, any other instructions or requests of the ISA or the Authority;
- (c) facilitate inspections, audit and monitoring of its Seabed Mineral Activities by the ISA and the Authority in accordance with the relevant Rules of the ISA and this Act and comply with the reasonable requests, directions or orders of the ISA inspectors, or of Authority observers made pursuant to Section 31;
- (d) apply the precautionary approach, and employ best environmental practices and best available techniques in accordance with the relevant Rules of the ISA to avoid, mitigate or remedy harmful effects of the Seabed Mineral Activities on the Marine Environment and prevent, reduce and control pollution and other hazards;
- (e) facilitate training and participation of Nauruans and the Republic at large in Seabed Mineral Activities;
- (f) have a current and appropriate insurance policy in accordance with the relevant Rules of the ISA, any other guarantees or contingency funding that may be prescribed or agreed to between the Sponsored Party and the Authority, that provide adequate cover for identified risks and costs of damages that may be caused by the Seabed Mineral Activities;
- (g) promptly notify the Authority of the occurrence of an event that does or is reasonably likely to entitle the Sponsored Party to make a claim under the insurance policy;
- (h) report to the ISA and the Authority immediately in the event of an incident occurring or appearing reasonably likely to occur, and respond efficiently and responsibly to the incident, including by implementing the Contingency Plan and seeking and following the ISA's and the Authority's directions where appropriate;
- (i) submit to the Authority immediately in writing, notice of any new information arising or data collected that may materially affect:
  - (i) the Qualification Criteria;
  - (ii) the programme of work contained in the ISA Contract; or
  - (iii) the Sponsored Party's ability to adhere to the terms of the ISA Contract or the relevant Rules of the ISA;
- (j) at all times ensure that any vessels, installations and equipment engaged in Seabed Mineral Activities are in good repair and comply with:
  - (i) the laws of the flag State relating to international vessel standards developed to ensure maritime safety and security, good working and living conditions and protection of the marine environment; and

- (ii) all relevant standards in international shipping conventions to which the Republic is a contracting State;
  - (iii) the requirements of maintaining records of ownership including beneficial ownership of vessels involved or engaged by a Sponsored Party for Seabed Mineral Activities; and
  - (iv) the requirements of the United Nations Security Council Resolutions on High Risk Countries, designated persons or entities;
- (k) at all times ensure that working conditions for personnel engaged in Seabed Mineral Activities:
  - (i) meet applicable employment rules and health and safety standards;
  - (ii) comply with the laws of the flag State relating to the safety of life at sea;
  - (iii) comply with all relevant standards in international shipping conventions to which the Republic is a contracting State; and
  - (iv) the requirements of the United Nations Security Council Resolutions on High Risk Countries, designated persons or entities;
- (l) not dump mineral materials or waste from any vessel except in accordance with relevant international law or the Rules of the ISA;
- (m) obtain specific prior written consent from the ISA in order to proceed or continue with the Seabed Mineral Activities if it has been determined by the Sponsored party, the ISA or the Authority that to proceed is reasonably likely to cause, according to the relevant Rules of the ISA serious harm to:
  - (i) the Marine Environment;
  - (ii) the safety, health or welfare of any person; or
  - (iii) other existing or planned legitimate sea uses including but not limited to Marine Scientific Research, navigation, submarine cables, fisheries or conservation activities;
- (n) ensure that the content of reports, data or information provided to the ISA are comprehensive, true and accurate and provide copies of such reports, data or information to the Authority;
- (o) conduct environmental impact assessment procedures in compliance with the relevant Rules of the ISA and submit the resulting environmental impact statement to the Authority, for review before submission to the ISA;
- (p) maintain sound systems of corporate governance and transparency and apply ethical business practices;

- (q) implement, maintain and continually improve health, safety and environmental management systems according to internationally recognised standards or the relevant Rules of the ISA;
- (r) take reasonable and appropriate measures to ensure that the Seabed Mineral Activities carried out under an ISA Contract are executed by and under the supervision of appropriately qualified, experienced and skilled personnel;
- (s) provide a compliance statement containing the prescribed information annually coinciding with Nauru's financial year; and
- (t) comply with other requirements as may be prescribed and the terms and conditions of the Sponsorship Agreement.

**27 Sponsored Party's obligations in relation to Affiliates and Associates**

- (1) Subject to this Section, a Sponsored Party may engage any Associate or Affiliate to undertake all or part of the Seabed Mineral Activities.
- (2) Any agreement or other arrangement between the Sponsored Party and any Associates or Affiliates engaged or to be engaged in all or any material part of the Seabed Mineral Activities, shall contain appropriate terms and conditions by which the Associate or Affiliate agrees to comply with the Rules of the ISA and this Act, to the extent applicable to the activities undertaken by such Affiliate or Associate.
- (3) A Sponsored Party shall ensure that all Affiliates and Associates:
  - (a) undertaking all or a material part of the Seabed Mineral Activities authorised by the ISA Contract are made aware of the Rules of the ISA and this Act;
  - (b) perform their work and tasks in conformity with the Rules of the ISA and this Act; and
  - (c) permit the Authority or any Approved Expert appointed by the Authority to conduct an audit of any documents, records or information to verify compliance with the Rules of the ISA and this Act.
- (4) The Authority may request the Sponsored Party to provide documentary evidence, including copies of any relevant contracts and agreements concluded with relevant Associates or Affiliates to verify the requirements set out under subsection (2).
- (5) A Sponsored Party who delegates, contracts, or otherwise arranges for work or tasks under the ISA Contract to be carried out by an Affiliate, Associate or other third party is not discharged from the Sponsored Party's obligations under the UNCLOS, the Rules of the ISA and this Act.

- (6) A Sponsored Party shall notify the Authority in writing of any proposed changes to the Affiliates or Associates that will undertake any material part of the Seabed Mineral Activities on behalf of the Sponsored Party, not less than 30 days before the proposed date of the commencement of the proposed change.
- (7) The Authority may request that the Sponsored Party provide it with further information to determine that the Sponsored Party continues to satisfy the Qualification Criteria under Section 17 of this Act.
- (8) Any direction or warning issued to a Sponsored Party by the Authority shall extend to any Affiliate or Associate engaged in Seabed Mineral Activities for or on behalf of the Sponsored Party and the Sponsored Party shall give a copy of the direction to the Affiliate or Associate where the direction is relevant to the work or tasks being performed by such Associate or Affiliate.
- (9) Nothing in this Section precludes the Authority from issuing a direction directly to any relevant Affiliate or Associate.
- (10) A Sponsored Party that fails to comply with the requirements of this Section commits an offence and shall be liable upon conviction to a fine not exceeding \$500,000.

## **28 Eligibility to perform Seabed Mineral Activities**

To be eligible to perform Seabed Mineral Activities, a Sponsorship Applicant shall first:

- (a) obtain a valid Sponsorship Certificate from the Authority in accordance with this Act; and
- (b) enter into an ISA Contract,

pertaining to those Seabed Mineral Activities.

## **29 Liability of Sponsored Party**

- (1) A Sponsored Party shall be:
  - (a) responsible for the performance of all Seabed Mineral Activities carried out within the Contract Area, and their compliance with the UNCLOS, Rules of the ISA and this Act ;
  - (b) liable for the actual amount of any compensation or damage:
    - (i) arising out of its failure to comply with the UNCLOS, Rules of the ISA and this Act; and
    - (ii) as a consequence of any act or omission in the conduct of the Seabed Mineral Activities; and

- (c) liable for any penalties arising out of its failure to comply with this UNCLOS, Rules of the ISA and this Act.
- (2) The Republic shall be indemnified against all actions, proceedings, costs, charges, claims and demands which may be made or brought by any third party in relation to a Sponsored Party's Seabed Mineral Activities, including any acts or omission of the part of the Sponsored Party's employees, except to the extent such actions, proceedings, costs, charges, claims or demands arise from acts or omissions by the Authority in exercise of its powers and functions under this Act.
  - (3) A Sponsored Party is required, together with any relevant Affiliate or Associate to execute a guarantee and indemnity in a form that is acceptable to the Authority, to indemnify the Authority and the Republic against any liability incurred by the Republic whether under the UNCLOS or otherwise arising from the conduct of the Sponsored Party's Seabed Mineral Activities.

## **PART 5 – ROLE OF THE REPUBLIC AS A SPONSORING STATE**

### **30 Responsibilities of Nauru as a Sponsoring State**

Where the Republic is sponsoring a Sponsored Party which holds a corresponding ISA Contract to conduct Seabed Mineral Activities, the Government or through the Authority shall:

- (a) take all appropriate means to exercise its Effective Control over Sponsored Parties or any relevant sub-contractors engaged by the Republic, seeking to ensure that any Seabed Mineral Activities are carried out in conformity with the UNCLOS, Rules of the ISA and this Act;
- (b) do all things reasonably necessary to give effect to its sponsorship of a Sponsored Party, including undertaking any communication with and providing any assistance, documentation, certificates and undertakings to the ISA or other relevant party required in respect of the Sponsorship;
- (c) not impose unnecessary, disproportionate or duplicate regulatory burden on Sponsored Parties, nor impose requirements upon a Sponsored Party under this Act or Regulations unless these are consistent with existing requirements imposed by the UNCLOS, the Rules of the ISA and other applicable standards of international law;
- (d) promote the application of the precautionary approach and implementation of best environmental practices and best available techniques in cooperation with the ISA and the Sponsored Party;
- (e) comply with its due diligence obligations under the UNCLOS as a Sponsoring State;
- (f) within its competence and capabilities and in accordance with the UNCLOS and the relevant Rules of the ISA, adopt a plan to implement and modify measures for the effective protection of the Marine Environment which may



arise from Seabed Mineral Activities, in cooperation with the ISA or on the advice of Approved Experts;

- (g) cooperate with the ISA to provide such data and information as is reasonably necessary for the ISA to discharge its duties and responsibilities under the UNCLOS in respect of Seabed Mineral Activities;
- (h) assist the ISA in carrying out supervision, monitoring, audits and inspections of the Sponsored Party and cooperate with coastal States and flag States where relevant, with the aim to ensure the Sponsored Party's compliance with the Rules of the ISA;
- (i) assist the Sponsored Party in any interaction with the ISA relating to the administration of the ISA Contract, including clarification of any requirements under the Rules of the ISA;
- (j) provide the Sponsored Party with copies of any information or notices received by the Authority from the ISA, States Parties, other regulatory bodies or persons relating to the Seabed Mineral Activities; and
- (k) accord the Sponsored Party fair and equitable treatment, and provide a stable and predictable legal framework and make decisions consistently and transparently;
- (l) keep the Sponsored Party informed of any amendments to any written law and the regulatory regime that may affect a Sponsored Party or their Seabed Mineral Activities and provide a Sponsored Party sufficient time to ensure that they are able to comply with those changes;
- (m) not nationalise or expropriate a Sponsored Party's investment or take measures having effect equivalent to nationalisation or expropriation except for on a non-discriminatory basis and against prompt adequate and effective compensation, such compensation shall:
  - (i) amount to the genuine value of the Sponsored Party's investment immediately before the expropriation or before the impending expropriation becomes public knowledge whichever is the earlier;
  - (ii) include interest at a normal commercial rate until the date of payment;
  - (iii) be made without delay;
  - (iv) be effectively realisable; and
  - (v) be freely transferable;
- (n) accord all Sponsored Parties treatment no less favourable than the treatment it accords, in like situations, to other investors;
- (o) accord Sponsored Parties full security and protection; and

- (p) guarantee the conversion and transfer overseas of Sponsored Parties' earnings and savings or earnings of expatriate personnel, their affiliates and subcontractors, resulting from the Seabed Minerals Activities.

### **31 Monitoring powers**

- (1) The Authority shall have the power, whether acting on its own or in cooperation with the ISA, to conduct examinations, inspections and enquiries of Sponsored Parties, Affiliates or Associates and the conduct of Seabed Mineral Activities as is necessary to meet the Republic's responsibilities under any written law or international law, which may include:
  - (a) sending an observer to the site of the Seabed Mineral Activities, vessel installation or premises of the Sponsored Party, Affiliates or Associates;
  - (b) inspection of relevant books, records and other relevant data, at any time, upon giving reasonable notice to the Sponsored Party; or
  - (c) use of real time monitoring technologies.
- (2) An observer engaged in accordance with subsection (1)(a) shall:
  - (a) take all reasonable steps to avoid interference with the safe and normal operations on board vessels; and
  - (b) follow all instructions and directions pertaining to the safety of life at sea given to them by the master of the vessel or other relevant safety officers aboard vessels and installations.
- (3) The Authority may direct any person to furnish it within a reasonable time any information it reasonably believes is in that person's possession which:
  - (a) relates to the Seabed Mineral Activities; or
  - (b) is otherwise directly relevant to the discharge of the Authority's functions.
- (4) A person who without reasonable excuse fails to comply with a direction issued under this Section, commits an offence and shall upon conviction be liable to a fine not exceeding \$200,000 or imprisonment for a term not exceeding 10 years, or to both.

### **32 Administrative Action**

- (1) In the event of the Authority determining, on factual evidence that a Sponsored Party, Associate or Affiliate has breached or in the Authority's reasonable opinion is at serious risk of breaching the relevant Rules of the ISA, this Act, Regulations or the terms and conditions of the Sponsorship Agreement, the Authority may:

- (a) issue written warnings including warnings in relation to possible action the Authority may take in the event of future material breaches;
  - (b) enter into a written agreement providing for the Sponsored Party to undertake a programme of remedial action and to mitigate the risk of re-occurrence;
  - (c) issue a written notice requiring the Sponsored Party to take specified preventative or corrective, timebound action or not take specified action, aimed to stop, remedy or mitigate the risk of occurrence or re-occurrence of the breach; or
  - (d) in the case of actual material breach:
    - (i) impose upon the Sponsored Party monetary penalties proportionate to the seriousness of the violation and in any case not exceeding \$2,000,000 which amount excludes any compensation payable for damage or harm caused; or
    - (ii) commence a process under Sections 42 and 43 to revoke the Sponsorship Certificate.
- (2) An action undertaken under subsection (1), shall:
- (a) be commensurate with the gravity, frequency and other circumstances of the material or reasonably anticipated breach, including the Sponsored Party's previous conduct under the Republic's Sponsorship; and
  - (b) consider any penalty imposed or other action undertaken by the ISA in relation to the same breach.
- (3) The Authority shall publish details of any action undertaken under this Section in the Gazette, except for any confidential information.

## **PART 6 – REGISTRATION, TERMINATION AND REVOCATION OF SPONSORSHIP**

### **33 Records and Confidentiality**

- (1) The Authority shall keep and maintain up-to-date and accurate records of Sponsorship Applications received, Sponsorship Certificates issued, Sponsorship Agreements, ISA contracts held, and all ensuing communication, reports or other information created or received.
- (2) The Authority shall securely keep and maintain all confidential information received in accordance with the prescribed procedures, and shall not disclose such information unless:
  - (a) it is permitted to be disclosed under Section 52 of the *Public Enterprises Act 2019*;

- (b) the disclosure is made for the purposes of or in connection with, the performance or exercise of any function, power or duty conferred under this Act or any other written law;
  - (c) the disclosure is required by a court of competent jurisdiction or an arbitrator agreed to by the Parties;
  - (d) the disclosure is made in connection with proceedings or any investigation or inquiry for proceedings, for an offence against this Act or any other enactment;
  - (e) the information is:
    - (i) required by the ISA under the relevant Rules of the ISA;
    - (ii) requested by the Secretary-General of the ISA or their designated representative in writing together with an explanation that such information is necessary for the ISA to discharge its duties and responsibilities under the UNCLOS;
    - (iii) such that the Authority considers it may assist the ISA in securing compliance of a Sponsored Party under Article 153(4) of the UNCLOS; or
    - (iv) required by another national regulatory agency where the Authority believes the information may assist such agency in the exercise of its powers or performance of its functions under an enactment relating to the conduct of the Seabed Mineral Activities; or
  - (f) the information is reasonably required by Approved Experts engaged by the Authority in the performance of their services, provided:
    - (i) that such experts undertake in writing to keep the information confidential; and
    - (ii) the disclosure is reasonably necessary in connection with the Authority in exercising its functions under this Act; or
  - (g) the information is publicly available;
- (3) Where confidential information is required to be disclosed under subsection (2)(a) to (f), the Authority shall inform the Sponsored Party prior to such disclosure taking place.
- (4) Where the Authority intends to disclose any confidential information, the disclosure of which is not provided for under subsection (2), the Authority shall consult with the Sponsored Party about the content and nature of such disclosure and shall agree any disclosure with the Sponsored Party before

any such disclosure occurs and subject to any terms and conditions that the parties consider appropriate.

- (5) Where the Authority becomes aware of a suspected or actual breach of this Section, the Authority shall immediately inform the Sponsored Party and take all practicable measures to prevent or cease the suspected or actual breach.

#### **34 Disclosure of payments**

All payments made by the Sponsored Party to the Authority or other Departments in connection with the Seabed Mineral Activities under this Act or any other written law is public information and may be disclosed.

#### **35 Security of Tenure**

A Sponsorship Certificate shall remain in force unless it is terminated in accordance with Section 36.

#### **36 Termination of Sponsorship**

- (1) A Sponsorship Certificate shall be terminated where:
  - (a) the Sponsored Party's corresponding ISA contract expires, is surrendered or is terminated under the Rules of ISA;
  - (b) the Sponsorship Certificate is surrendered by the Sponsored Party in accordance with Section 39;
  - (c) the Sponsorship Certificate is revoked by the Authority in accordance with Section 42; or
  - (d) all the rights and obligations under the ISA Contract are assigned to a third party.
- (2) A Sponsorship granted by the Republic shall cease upon the termination of a Sponsorship Certificate.

#### **37 Directions upon termination of Sponsorship Certificate**

- (1) The Authority may give directions to the Sponsored Party, where the Sponsorship Certificate is terminated under Section 36, including a direction that:
  - (a) the Sponsored Party continues to comply with all or any of its obligations under this Act, the relevant Rules of the ISA and the terms and conditions of a Sponsorship Agreement;
  - (b) copies of any relevant records kept by the Sponsored Party be delivered to the Authority or any other person; or

- (c) specified measures be undertaken to effectively prevent, contain or minimise any harmful effects to the marine environment.
- (2) A direction under subsection (1)(c) may impose restrictions on the Seabed Mineral Activities including a requirement to cease all or part of the Seabed Mineral Activities and to comply with any instructions of the Authority or the ISA that relate to any restriction or to ceasing the activities.
- (3) Where the Authority is satisfied that a Sponsored Party has failed without reasonable excuse to comply with a direction given under subsection (1), the Authority may impose a penalty not exceeding \$2,000,000.

**38 Ongoing obligations and liability of Sponsored Party after termination**

- (1) Notwithstanding the termination of a Sponsorship Certificate, a Sponsored Party shall remain:
  - (a) subject to any ongoing obligations with respect to the Seabed Mineral Activities that occurred prior to termination, including requirements to submit reports and to make payments to the Authority or the ISA; and
  - (b) responsible in accordance with this Act for the actual amount of any damage from its wrongful acts or omissions or otherwise arising from the Seabed Mineral Activities carried out prior to termination.
- (2) The indemnity provided to the Republic under Section 29(3) shall continue in force until the Republic is no longer responsible for potential liabilities under the UNCLOS, Rules of the ISA and this Act, that may arise as a consequence of the Seabed Mineral Activities that were carried out by the Sponsored Party or its Associates and Affiliates.

**39 Surrender of sponsorship**

A Sponsored Party may at any time surrender a Sponsorship Certificate without penalty by giving to the Authority, not less than 3 months' notice in writing to that effect.

**40 Assignment of rights and obligations**

- (1) Subject to subsection (2), a Sponsored Party may assign its rights and obligations under an ISA Contract in accordance with the UNCLOS and the relevant Rules of the ISA.
- (2) Where the proposed assignee is neither a body corporate registered or incorporated in the Republic, nor under the Republic's Effective Control, a Sponsored Party shall:
  - (a) notify the Authority of the proposed assignment prior to applying to the ISA for consent to the assignment;

- (b) provide the Authority with an opportunity to respond on the proposed assignment or request consultations within 14 days after notification; and
  - (c) respond to the Authorities response within 7 day of receiving such response.
- (3) Notwithstanding subsection (2)(a), the Sponsored Party may apply to the ISA for consent to the assignment at any time 30 days after the date of its notification under subsection (2)(a).
- (4) A Sponsored Party shall not assign its rights and obligations under an ISA contract without the prior approval of the Cabinet.
- (5) A Sponsorship Certificate may only be issued to an assignee where:
  - (a) the Cabinet has approved the proposed assignment under subsection (4);
  - (b) the Cabinet has approved the proposed assignee to take the assignment of the Sponsorship Certificate; and
  - (c) the assignee is a body corporate registered or incorporated in the Republic or an instrumentality which is under the Effective Control of the Government.
- (6) The consent and approval under subsections (1) and (2) shall not be unreasonably withheld, where the proposed assignee is eligible under this Act to be issued a Sponsorship Certificate.
- (7) An application shall be made to the Authority by both the Sponsored Party and proposed assignee in accordance with any prescribed procedure.
- (8) The Authority for the purpose of making a recommendation to the Cabinet under this Section shall:
  - (a) request all such information from the proposed assignee as would be required of a Sponsorship Applicant under this Act;
  - (b) require an undertaking from the proposed assignee that it will assume all of the obligations and liabilities of the Sponsored Party upon assignment;
  - (c) require the Sponsored Party or proposed assignee to provide any other information that the Authority considers reasonably necessary to assess the application; and
  - (d) require the payment of the prescribed fee.
- (9) The Cabinet's approval under this Section may be given with or without conditions, which may include:

- (a) the execution of a guarantee and indemnity by the assignee pursuant to Section 29(3) of this Act; and
  - (b) the provision of a Security Deposit by the assignee under Section 52 of this Act.
- (10) An assignment under this Section shall not affect the ongoing obligations or potential liability incurred by the Sponsored Party.

**41 Change of ownership, constitution or control of a Sponsored Party**

- (1) A Sponsored Party shall, as soon as practicable, notify the Authority of any change in the constitution, ownership, control or corporate organisation of the Sponsored Party, if such change is significant.
- (2) A notification by the Sponsored Party shall be accompanied by the prescribed information.
- (3) The Authority, within 30 Days from the date of receipt of a notice under subsection (1), shall examine the information provided by the Sponsored Party and assess whether the Qualification Criteria is met.
- (4) Where the Authority considers that one or more of the Qualification Criteria is not met, it shall notify the Sponsored Party and request that the identified deficiency be remedied within a specified time period.
- (5) Where the deficiency cannot be remedied, the Authority may initiate revocation of the Sponsorship Certificate under Section 42.
- (6) For the purposes of this Section '**significant**' means:
  - (a) the Sponsored Party has been bought by or transferred to another person;
  - (b) a person obtains the power whether directly or indirectly to exercise or control the exercise of, 50% or more of the voting rights of the Sponsored Party;
  - (c) there is a change in control of an Affiliate, Associate or persons involved in the management of the applicant's business; or
  - (d) there is a change in control of a person providing a security deposit under Section 52 of the Act.

**42 Revocation of a Sponsorship Certificate**

The Minister, on the Authority's recommendation and with Cabinet approval, may revoke any Sponsorship Certificate, for one or more of the following reasons:



- (a) where, despite a written warning by the Authority, one or more of the Qualification Criteria ceases to be met by the Sponsored Party in a material particular;
- (b) where a security deposit required under Section 52 is not deposited in accordance with this Act;
- (c) in any case, with the written consent of the Sponsored Party;
- (d) upon the bankruptcy, insolvency or receivership of the Sponsored Party or upon the Sponsored Party ceasing to exist as a legal entity;
- (e) where no material efforts have been made by the Sponsored Party to undertake the sponsored Seabed Mineral Activities for a period exceeding 5 years from the date of signing the ISA Contract, except where the lack of material efforts is required to comply with the relevant Rules of the ISA or otherwise approved by the ISA;
- (f) where despite a written warning by the Authority, there has been a serious, persistent or wilful breach by the Sponsored Party of the relevant Rules of the ISA, the requirements of this Act or regulations or administrative measures orders made under this Act or a final binding decision of a dispute settlement body applicable to the Sponsored Party and such breach:
  - (i) cannot be remedied by the Sponsored Party; or
  - (ii) has not been remedied upon the giving of reasonable notice to the Sponsored Party by the Authority;
- (g) where, following at least 2 written notices given by the Authority to the Sponsored Party, any payment due to the Republic is in arrears for 6 months from the day on which the amount became payable;
- (h) where the Sponsored Party knowingly or recklessly provides the ISA or the Authority with information that is false or misleading in a material particular, or fails to retain or wilfully alters, suppresses, conceals or destroys any document which is required to be produced to the ISA or the Authority; and
- (i) where the Cabinet is satisfied that it is in the Republic's interest to revoke the Sponsorship Certificate, including to avoid conflict with any obligation of the Republic arising out of any international agreement or instrument in force for the Republic.

**43 Notice of revocation**

- (1) Prior to making a decision under Section 42, the Authority shall:
  - (a) give to the Sponsored Party at least 60 days' written notice of the Minister's intention to revoke the Sponsorship Certificate, setting out details of the proposed decision and the reasons for it and inviting the

- Sponsored Party to make a written submission within a specified timeframe, about the proposed revocation;
- (b) provide a copy of the notice to any other person as the Authority deems necessary;
  - (c) where applicable, consult with the ISA on the Sponsored Party's compliance record and any action that may be taken by the ISA under the relevant Rules of the ISA; and
  - (d) consider any written submissions provided by the Sponsored Party.
- (2) Where the final decision taken is to revoke the Sponsorship Certificate the Authority shall:
- (a) notify the ISA in accordance with the Rules of the ISA;
  - (b) provide the Sponsored Party reasons for such termination; and
  - (c) subject to Section 44, provide the Sponsored Party a minimum of 6 months' notice before that revocation takes effect.

#### **44 Temporary continuation of sponsorship**

- (1) Where the Minister revokes a Sponsorship Certificate under Section 42 and the reason does not relate to any material breach by the Sponsored Party of the Rules of the ISA or this Act, the Sponsored Party may request the Minister to temporarily continue sponsorship to:
- (a) give the Sponsored Party a reasonable opportunity to find another State Party to sponsor its Seabed Mineral Activities; and
  - (b) permit the Seabed Mineral Activities to continue without adverse disruption to the Sponsored Party.
- (2) The Minister may approve such request provided that:
- (a) the Sponsored Party undertakes to continue to perform all its obligations under the relevant Rules of the ISA and this Act;
  - (b) the Sponsored Party demonstrates it will make all reasonable efforts to secure a replacement sponsoring State; and
  - (c) the corresponding ISA Contract has not been suspended or terminated.
- (3) Where the Minister approves the temporary continuation of sponsorship under subsection (2), sponsorship shall continue until:
- (a) any surrender of the Sponsorship Certificate by the Sponsored Party under Section 39;

- (b) the effective completion date of the assignment of the rights and obligations under the ISA Contract;
- (c) a replacement sponsoring State has been secured and a Sponsorship Certificate issued; or
- (d) 2 years from the date the request under subsection (1) had been received by the Minister,

whichever of paragraphs (a) to (d) occurs earlier.

## **PART 7 – FISCAL ARRANGEMENTS**

### **45 Principle of cost recovery for applicable fees**

- (1) The Authority shall, when determining applicable fees take all reasonable steps to recover as much of the actual and reasonable costs incurred by the Authority in performing its functions under this Act, including the supervision and monitoring of the Seabed Mineral Activities.
- (2) All applicable fees shall be approved by the Cabinet on the recommendation of the Authority.

### **46 Process for annual administration fee**

- (1) A Sponsored Party shall pay to the Authority an annual administration fee:
  - (a) within 6 months from the date of issue of the Sponsorship Certificate; and
  - (b) every year after that, payable before 31<sup>st</sup> January of each successive year.
- (2) On or before 31st January of each successive year the Authority shall prepare an estimate of the annual administration fee for the next annual period based on the principle of cost recovery under Section 50 and provide details of the estimate to the Sponsored Party for its review.
- (3) Within 14 days of its receipt of the estimate the Sponsored party shall provide its submission following the review of the administration fee to the Authority.
- (4) Subject to subsection (5), within 14 days of its receipt of any submission from the Sponsored Party the Board shall approve the annual administration fee considering the submission received from the Sponsored Party.
- (5) The Board may approve any annual administration fee, the sum of which is in excess of 10% of the previous year's annual administration fee, unless the Sponsored Party is given an opportunity to be heard and make submissions on the proposed increment in excess of 10%.

- (6) Where the actual and reasonable costs in a particular annual period exceed or are expected to exceed the annual administration fee paid by the Sponsored Party for that year, the Authority shall provide the Sponsored Party details of the excess, which may include unanticipated costs for Approved Experts, and the Sponsored Party shall, in good faith, review and consider payment of the excess amount.
- (7) On or before 31st January of each successive year, the Authority shall provide to the Sponsored Party with a reconciliation of actual costs incurred during the previous annual period.
- (8) Where the actual costs in a particular annual period are less than the annual administration fee paid for that annual period, any excess of the administration fee shall be credited to the annual administration fee payable for the next annual period.

#### **47 Seabed Mineral Recovery Payment**

- (1) A Sponsored Party holding an ISA Contract for Exploitation under the Republic's sponsorship, shall pay to the Authority such sums by way of a Seabed Mineral recovery payment, as specified in the Sponsorship Agreement.
- (2) The Seabed Mineral recovery payment may be:
  - (a) based on the percentage of the latest market value of the metal content contained in the Seabed Minerals recovered by the Sponsored Party through the Seabed Mineral Activities; or
  - (b) expressed as a unit amount per metric ton of Seabed Minerals recovered from the ISA Contract Area.
- (3) A Sponsored Party shall lodge with the Authority a Seabed Mineral recovery payment return for the periods:
  - (a) 1 January to 30 June; and
  - (b) 1 July to 31 December,within 90 days after the end of the return period.
- (4) The Sponsored Party shall pay the amount due for a return period on the Day the return is required to be lodged with the Authority.
- (5) A payment to the Authority shall be made in the United States of America currency or other equivalent foreign currency.
- (6) The Authority may audit the Sponsored Party's records in connection with a liability for the recovery payment.

#### **48 Seabed Minerals Fund**

- (1) There shall be established under the control and management of the Treasury, a fund to be called the Seabed Minerals Fund, into which there is to be deposited any sums paid to the Authority under Section 47.
- (2) Funds deposited pursuant to subsection (1), excludes any funds allocated by the Treasury to be used directly for the purposes of covering the costs of establishing the Authority and performing its functions under this Act.
- (3) The Seabed Minerals Fund is established with the objective to ensure the wise management of the Seabed Minerals resources for the benefit of both current and future generations of the Republic.

**49 Rules for the operation and management of the Seabed Minerals Fund**

The rules for the operation and management of the Seabed Minerals Fund shall be prescribed.

**50 Recovery of payments owed by Sponsored Parties**

- (1) A sum of money payable pursuant to Section 47 is a debt owed to the Republic, and may be recovered in the Supreme Court and:
  - (a) in any such proceedings, a certificate of the Authority certifying that a specified sum of money is payable, shall be received as evidence of that fact;
  - (b) any debt of the Sponsored Party may at the court's discretion be recovered from any security deposited by the same Sponsored Party under Section 52; and
  - (c) interest on the amount outstanding may additionally be charged at a prescribed or otherwise reasonable rate.
- (2) The Sponsored Party may only defend a suit under subsection (1) if it can demonstrate that the sum claimed in the Certificate is incorrect or erroneously calculated.

**51 Taxation**

A Sponsored Party shall be subject to pay tax payable under the *Business Tax Act 2016* in relation to its profit derived from Seabed Mineral Activities.

**52 Security Deposit**

- (1) The Authority may after an Exploitation contract has been granted by the ISA to the Sponsored Party, and prior to Exploitation commencing, require a Sponsored Party to provide a Security Deposit as a guarantee of performance of its obligations under the Rules of the ISA and this Act.
- (2) The form and value of any such security required, and the terms upon which it will be held, shall be specified as a condition in a Sponsorship Agreement made under Section 25 and take into account the type and quantum of any

security or guarantee that the Sponsored Party is also required to deposit with the ISA in accordance with the relevant Rules of the ISA.

- (3) A security deposited in accordance with this Section may be used by the Authority to:
  - (a) take steps towards fulfilling any obligations that the Sponsored Party fails to fulfil under this Act or under terms of its Sponsorship Agreement;
  - (b) rectify any damage or loss caused as a result of such failure; or
  - (c) satisfy any order of compensation or damages made against the Sponsored Party by a court or tribunal.
- (4) The Authority may adjust the amount of an original security where there has been a material change in circumstances, including:
  - (a) a change in the financial capacity of the Sponsored Party; or
  - (b) a change in the scope, nature and magnitude of the Seabed Mineral Activities under an ISA Contract.

## **PART 8 – JURISDICTION OF THE SUPREME COURT AND DISPUTE RESOLUTION**

### **53 Jurisdiction of the Supreme Court to hear and determine matters**

- (1) The Supreme Court has jurisdiction under this Act to conduct:
  - (a) judicial review of administrative decisions, determinations, actions or inquiries taken under this Act; or
  - (b) proceedings to establish liability and to provide recourse for prompt and adequate compensation in the event of an unlawful damage caused by Seabed Mineral Activities, in accordance with Article 235(2) of the UNCLOS.
- (2) Nothing in this Section shall prejudice the dispute resolution rights of Sponsored Parties under Section 56.

### **54 Registration of decisions by the Seabed Disputes Chamber**

- (1) A person may apply to the Supreme Court for an order for a decision of the Seabed Disputes Chamber to be registered in the Supreme Court.
- (2) The Supreme Court may issue an order that the decision of the Seabed Disputes Chamber involving a State may be registered.
- (3) No privilege or immunity that a State may claim against the enforcement of the decision of the Seabed Disputes Chamber shall be affected by the registration of such decision.
- (4) The Republic waives the privilege or immunity in relation to a registered decision of the Seabed Disputes Chamber involving a Sponsored Party.

**55 Effect of registration of decisions by the Seabed Disputes Chamber**

A registered decision of the Seabed Disputes Chamber is to be treated as if the decision were a judgment of the Supreme Court made on the date on which the decision was registered, for the following purposes:

- (a) the force and effect of the decision in relation to the enforcement of the decision;
- (b) the exercise of the powers of the Supreme Court in relation to the enforcement of the decision;
- (c) the taking of proceedings for or in relation to the enforcement of the decision; or
- (d) where the decision is for the payment of a sum of money, the carrying and computation of interest on that sum.

**56 Disputes**

- (1) Any dispute arising between the Republic and another State, or the Republic and the ISA, in connection with Seabed Mineral Activities shall be resolved pursuant to the provisions of the UNCLOS.
- (2) Any dispute between the Republic and a Sponsored Party in respect of a Sponsorship Agreement or arising in connection with the administration of this Act shall be dealt with pursuant to the process and procedures set out in the Sponsorship Agreement or as prescribed.
- (3) The Republic shall consent to undergoing arbitration in accordance with the process and procedures under subsection (2), for any dispute, controversy or claim arising out of or relating to this Act or a Sponsorship Agreement.
- (4) Any arbitral award granted as a result of any dispute resolution procedures referred to in this Section is to be treated as if the arbitral award was a judgment of the Supreme Court made on the date on which the arbitral award is made, for the following purposes:
  - (a) the force and effect of the arbitral award in relation to the enforcement of the arbitral award;
  - (b) the exercise of the powers of the Supreme Court in relation to the enforcement of the arbitral award;
  - (c) the taking of proceedings for or in relation to the enforcement of the arbitral award; or
  - (d) where the arbitral award is for the payment of a sum of money, the carrying and computation of interest on that sum.

- (5) For the avoidance of doubt, the *Foreign Judgments (Reciprocal Enforcement) Act 1973* and all other laws related to the enforcement of foreign or domestic arbitral awards shall not apply to any arbitral award granted as a result of the dispute resolution procedures under this Section.

## PART 9 – OFFENCES

### 57 Interference with Seabed Mineral Activities or the Authority

- (1) No person shall:
- (a) interfere with any Seabed Mineral Activities or a vessel, installation or equipment used in connection with Seabed Mineral Activities; or
  - (b) cause:
    - (i) physical hindrance to;
    - (ii) obstruction to; or
    - (iii) violence against,  
  
any officer, observer, inspector or other duly designated representative of the Authority or the ISA, or persons engaged by the Sponsored Party in the conduct of Seabed Mineral Activities in respect of the exercise of a power, or the performance of a function, under this Act or an ISA contract.
- (2) For the purposes of subsection (1)(a), '**interfere with**' means:
- (a) the wilful sabotage or attempted wilful sabotage of Seabed Mineral Activities; or
  - (b) any physical interference with the Seabed Mineral Activities or a vessel, installation or equipment used in connection with Seabed Mineral Activities, such that it causes or is likely to cause a danger to the health and safety of persons engaged in Seabed Mineral Activities.
- (3) Any person who contravenes subsection (1) commits an offence and is liable on conviction to a fine not exceeding \$1,000,000 or to an imprisonment term not exceeding 10 years, or both.

### 58 Safety zones around Exploration or Exploitation vessels

- (1) A Sponsored Party may, consistent with the UNCLOS and in cooperation with the master of any vessel or installation, establish a safety zone around vessels and installations conducting activities in the Area that extends from the outer extremities of such vessels, installations or equipment deployed and installations, to a distance of 500 metres in all directions.
- (2) No vessel or person shall navigate within or enter a safety zone.
- (3) Subsection (2) shall not apply to a vessel that:



- (a) is in distress;
  - (b) is attempting to save a life or provide assistance to a vessel in distress;
  - (c) is operated by or on behalf of the ISA or a State having jurisdiction over the exploration or exploitation operations; or
  - (d) has received permission from the person in charge of the exploration or exploitation vessel or installation to enter the safety zone around such vessel.
- (4) Any person who contravenes subsection (2) commits an offence and shall be liable upon conviction to a fine not exceeding \$1,000,000 or to an imprisonment term not exceeding 10 years or to both.

**59 Public office holder prohibited from Seabed Mineral rights**

- (1) Unless any right or interest of a public office holder has been approved and declared by Cabinet, no public office holder shall:
- (a) directly or indirectly acquire or retain any personal share-holding in a body corporate carrying on Seabed Mineral Activities under the Republic's Sponsorship; or
  - (b) act, directly or indirectly, to personally acquire any right or interest in any Sponsored Party's contract for Seabed Mineral Activities.
- (2) Any document or transaction purporting to confer any right or interest on any such public office holder who has acted in breach of subsection (1), shall be null and void.
- (3) A public office holder who contravenes subsection (1), commits an offence and is liable upon conviction to a fine not less than \$5,000 or to a term of imprisonment not exceeding 5 years or to both.

**60 Conduct for improper benefit**

- (1) A Sponsored Party shall not engage in, and shall take all reasonable steps to ensure that its employees, Associates, and Affiliates do not engage in, any activity related to the Sponsorship in exchange for any improper benefit to:
- (a) the Sponsored Party, any employee, associate, affiliate or any other person, including a friend or family member or any person associated with the Sponsored Party, by personal or other relationship; or
  - (b) any member of the Authority or a technical assistance committee, inspector, observer, officer, public official, or other person acting for or on behalf of the Government.
- (2) The contravention of subsection (1) shall be a ground for revocation of a Sponsorship Certificate.

**61 Offence by body corporate**

Where an offence under this Act has been committed by a body corporate with the consent or connivance, or is attributable to the neglect, of any director or officer of the body corporate, that officer as well as the body corporate is guilty of such offence.

**PART 10 – MISCELLANEOUS**

**62 Inquiries into incidents**

- (1) Where an incident occurs in respect to Seabed Mineral Activities under the Sponsorship of the Republic, the Sponsored Party shall inform the ISA and provide a copy of all information provided to the ISA to the Authority.
- (2) The Authority may hold or commission inquiries into the incident in cooperation with the ISA and other relevant international organisations or agencies.
- (3) A Sponsored Party who is found in an Inquiry to have failed whether knowingly or recklessly, to comply with the Rules of the ISA concerning incidents, commits an offence and is liable upon conviction to a fine not exceeding \$2,000,000.

**63 Other sea users**

A Sponsored Party shall carry out and ensure that its Affiliates and Associates carry out the Seabed Mineral Activities in such manner that does not interfere unreasonably with the exercise of the freedom of the high seas provided for under Article 87 of the UNCLOS.

**64 Rights of other States including coastal States not affected**

- (1) Nothing in this Act shall in any way affect the rights of Coastal States in accordance with Article 142 and other relevant provisions of the UNCLOS.
- (2) A Coastal State that has grounds for believing that Seabed Mineral Activities have caused, are causing or are likely to cause harm to the Marine Environment under its jurisdiction, may notify the Authority in writing of the grounds on which such belief is based.
- (3) The Authority shall provide any Sponsored Party affected by the notice with a reasonable opportunity to respond on it, within a time period that is reasonable in the circumstances.

**65 Notice**

Any application, request, notice, warning, report, or direction made or given under this Act shall be made in writing by the head of the Authority or the designated representative of the Sponsored Party, as the case may be, and shall be deemed served the day after delivery, if delivered by hand, facsimile or email to the Authority or to the designated representative.

**66 Transitional and savings provision**

- (1) Where the Republic has provided a Sponsorship Certificate to a Sponsored Party under the repealed Act, such certificate shall be deemed to have been issued in accordance with this Act and shall remain valid unless and until it is terminated under this Act.
- (2) The Nauru Seabed Minerals Authority established under the repealed Act, is reconstituted under this Act and is deemed to continue with its existence under this Act.
- (3) An act, decision, undertaking or contract made or entered into under the provisions of the repealed Act, shall be deemed to have been made under this Act and shall remain valid unless it is varied, suspended or revoked under this Act.
- (4) A proceeding, cause or matter commenced under the repealed Act shall be continued to completion, as if it was commenced under this Act.
- (5) A member appointed under Section 8 of the repealed Act shall cease to hold office at the commencement of this Act.
- (6) A person appointed as an officer of the Authority under the repealed Act, is deemed to appointed under this Act and shall continue to hold such office until such time the appointment is varied, revoked or terminated under this Act.
- (7) The staff of the Authority shall conduct themselves in accordance with the requirements of Sections 57 and 58 of the *Public Enterprises Act 2019* until such time as the Authority prescribes a Code of Conduct for its staff.

**67 Enactment of the Act in recognition of the development of Rules of the ISA and the ISA's monitoring and enforcement capacity**

This Act is enacted on the basis that the Rules of the ISA and the ISA's monitoring and enforcement capacity is to be developed in an appropriate and timely manner for the purpose of securing that Seabed Mineral Activities shall comply with relevant standards and obligations of international law.

**68 Regulations**

- (1) The Cabinet may make regulations under this Act prescribing anything required or authorised to be prescribed generally to give full effect to the Act.
- (2) Any regulations made shall be consistent with this Act, the UNCLOS, the Rules of the ISA and other applicable standards of international law.
- (3) Without prejudice to the generality of subsection (1), Regulations may be made with respect to any of the following:
  - (a) prescribe applicable fees for matters under this Act or the regulations, including a method for determining those fees;
  - (b) prescribe more stringent measures than those in the Rules of the ISA pursuant to Annex III Article 21(3) of the UNCLOS, including measures relating to or contributing to the effective protection of the Marine Environment pursuant to Article 145 of UNCLOS;

- (c) prescribe for any prerequisite conditions to the issue by the Authority of a Sponsorship Certificate;
- (d) prescribe the format, content, time limits or processes for any applications, reports or other data or information or records required under this Act;
- (e) prescribe the standard terms and conditions of any Sponsorship Agreement;
- (f) prescribe how a document may be served for the purposes of this Act;
- (g) prescribe for any measures to assist the ISA in regulating Seabed Mineral Activities;
- (h) prescribe for the management and investigation of incidents, including the holding of inquiries into incidents or other accidents;
- (i) prescribe for the exchange of information and data to facilitate compliance with and enforcement of applicable international rules and standards;
- (j) prescribe for the conferral of regulatory powers under this Act on officers, observers or inspectors and the conditions on which such powers may be exercised;
- (k) prescribe for the format and content of consultation processes relating to environmental impact assessment;
- (l) prescribe for the independent auditing or verification of environmental management and safety management systems and environmental and safety performance;
- (m) prescribe for matters relating to the due diligence assessment of Sponsorship Applicants, Affiliates and Associates;
- (n) prescribe for information-handling procedures for any data received or held by the Authority in relation to Seabed Mineral Activities;
- (o) prescribe rules designed to ensure the health and safety of persons working on vessels or installations or using equipment for Seabed Mineral Activities;
- (p) prescribe for matters relating to the calculation, administration, and management of the Seabed Minerals Recovery Payment;
- (q) prescribe for matters relating to the closure of Seabed Mineral Activities, and post closure monitoring;
- (r) prescribe for the content and form of an indemnity;

- (s) prescribe for the content and procedures for periodic reviews;
- (t) prescribe for the deposit or payment of guarantees or contingency funding, and regulating how that money is dealt with;
- (u) provide that any prescribed breach of Regulations or breach of the terms and conditions of a Sponsorship Agreement shall be an offence and affording any defences available to any such offence, including:
  - (i) offences carrying a maximum penalty not exceeding:
    - (A) \$2,000,000 fine for a corporation; and
    - (B) \$300,000 fine, for an individual; or
  - (ii) civil penalties carrying a maximum penalty of \$2,000,000 for a corporation and \$150,000 for an individual; or
- (v) prescribe for any other matters contemplated by this Act and necessary for its administration by the Authority or necessary for giving it full effect.

**69 Consequential amendment**

Schedule 2 to the *Public Enterprises Act 2019* is amended in Item 2 by:

- (a) deleting 'and' at the end of paragraph (b);
- (b) deleting the fullstop and substituting with '; and' at the end of paragraph (c)
- (c) inserting the following new paragraph (d):
  - '(d) Nauru Seabed Minerals Authority.'

**70 Repeal**

The *International Seabed Minerals Act 2015* is repealed.