A BILL FOR AN ACT

To create a new subtitle II of title 24 of the Code of the Federated States of Micronesia, as amended, to establish the National Seabed Resources Authority of the Federated States of Micronesia, provide for the powers, duties, and responsibilities of the Authority, set out the standards of sustainable management of seabed resources, require the promulgation of regulation governing permits and licenses relevant to marine scientific research, prospecting, exploration and mining activities, prescribe the penalty for violation of this Act, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

Section 1. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by creating a new subtitle II entitled: "Seabed Resources Act of 2014".

Section 2. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by creating a new chapter 1 under subtitle II entitled: "General Provisions".

Section 3. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 101 under chapter I of subtitle II, to read as follows:

"Section 101. Short Title. This Act may be cited as the 'National Seabed Resources Act of 2014'."

Section 4. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 102 under chapter 1 of subtitle II, to read as follows:

"Section 102. Definitions. In this subtitle, except where otherwise specified, the following
terms shall have the meanings stated below:

(1) For the purpose of this subtitle the following terms shall have the following meanings –

“Affiliate” – in relation to an Applicant or Title Holder, means any person, firm, body corporate or entity that controls, is controlled by, or is under the common control with, the Applicant or Title Holder;

“Ancillary Operations” – means any activity carried on by or on behalf of a Title Holder under this subtitle in support of Seabed Mineral Activities (including travel between port and the Title Area, the establishment and operation of sampling or collecting systems and equipment, platforms, installations, processing facilities, transportation systems and other plant and machinery – insofar as the foregoing occurs within Federated States of Micronesia’s national jurisdiction);

“Applicant” – means a person applying to the NSRA for a Prospecting Permit, License or Sponsorship Certificate under this subtitle;

“Application” – means an application made by a person to the NSRA for a Prospecting Permit, License or Sponsorship Certificate under this
subtitle;

“The Area” – means the seabed and ocean floor and subsoil thereof beyond the limits of national jurisdiction as defined under Article 1(1) of the UN Convention on the Law of the Sea;

“Continental Shelf” – means the seabed and subsoil of the Federated States of Micronesia as defined under Article 76 of the UN Convention on the Law of the Sea;

“Contract Area” – means any part of the Area in respect of which there is in force a contract between NSRA or a Sponsored Party and the ISA for the conduct of Seabed Mineral Activities;

“Department” – means the Department of Resources and Development of the National Government of the Federated States of Micronesia;

“Environment Law” – means Title 25 of the Code of the Federated States of Micronesia, as amended by the FSM Environmental Protection Act 2012 or any Act replacing that Act, and any regulations made under it;

“Environment” – means all natural, physical and social resources and ecosystems, including land, rock, seabed, soil, minerals, water, air, climate, material assets, cultural heritage, landscape,
plants, animals, human beings, and their habitats,
and the interaction between any of these factors;
"Environmental and Social Impact Assessment" –
means the identification, analysis and evaluation
of the potential effects that a development project
may have on the Environment and the proposal of
measures to mitigate those impacts;
"Exclusive Economic Zone" – means the exclusive
economic zone of the Federated States of Micronesia
as defined under section 104 of Title 18 of the
Code of the Federated States of Micronesia;
"Executive Director" – means the executive director
of the NSRA;
"Exploration" – means
(a) the search for Seabed Mineral deposits,
including by drilling, with exclusive rights,
(b) the sampling and analysis of such deposits,
(c) the testing of systems and equipment, and
(d) the carrying out of studies, for the purpose
of investigating whether those minerals can be
commercially exploited;
An "Incident" occurs when
(i) any ship or installation while engaged in
Marine Scientific Research, Seabed Mineral Activities or
Ancillary Operations is lost, abandoned, capsized or
incurs significant damage;

(ii) loss of life or injury requiring hospitalization occurs on board any ship or installation while engaged in Marine Scientific Research, Seabed Mineral Activities or Ancillary Operations;

(iii) the conduct of Marine Scientific Research, Seabed Mineral Activities or Ancillary Operations results in unanticipated Serious Harm to the Environment;

(iv) the conduct of Marine Scientific Research, Seabed Mineral Activities or Ancillary Operations results in the pollution of the Marine Environment in breach of the Federated States of Micronesia’s obligations under international law; or

(v) where Seabed Mineral Activities are occurring in the Area, the ISA issues an emergency order in connection with the Seabed Mineral Activities.

“Inspector” – means a person appointed by the NSRA as an inspector in relation to Seabed Mineral Activities under section 213 of this subtitle;

“The International Seabed Authority” or “ISA” – means the International Seabed Authority established by Part XI Section 4 of the UN Convention on the Law of the Sea as the organization through which State Parties to the UN Convention on the Law of the Sea shall organize and
control seabed mineral activities in the Area; “License” – means a written document that is granted under chapter 7 of this subtitle for the purpose of conducting Exploration or Mining under this subtitle; “License Area” – means a part of the Federated States of Micronesia’s seabed in respect of which there is in force an Exploration or Mining License; “Licensee” – means any person to whom an Exploration or Mining License is issued under chapter 6 of this subtitle, that person’s representatives, and any person or persons to whom the Title conferred by the License may lawfully have been transferred, mortgaged leased or otherwise assigned; “Marine Environment” – means the environment of the sea, and includes the physical, chemical, geological and biological and genetic components, conditions and factors which interact and determine the productivity, state, condition and quality of the marine ecosystem, the waters of the seas and oceans and the airspace above those waters, as well as the seabed and ocean floor and subsoil thereof; “Marine Reserve” – means any conservation area, marine park or reserve, or similar protective measures for the marine environment or biology declared under the laws of the Federated States of Micronesia, which prohibits the
conduct of Seabed Mineral Activities;

“Marine Scientific Research” – means any study, research or other related scientific activity, whether fundamental or applied, intended to increase knowledge about the Marine Environment for the benefit of all mankind, and not undertaken directly for industrial or economic purposes, that falls within the permitting provisions of subtitle I;

“Mining” – means the recovery for commercial purposes of Seabed Minerals and the extraction of minerals therefrom, including the construction and operation of mining, processing and transportation systems, for the production and marketing of metals;

“NSRA” – means the National Seabed Resources Authority established under section 201 of this subtitle;

“Person” – means any natural person or group of natural persons, or legal person or business enterprise and includes, but is not limited to a company, corporation, partnership, cooperative, or association;

“The Precautionary Approach” – the precautionary approach means that where there is a threat of serious harm or irreversible damage to the Environment, or threat to human health in the Federated States of Micronesia, precautionary measures should be taken even if a lack of scientific knowledge means that some cause
and effect relationships are not fully understood.

“Prescribed” – means Prescribed by Regulations promulgated under this subtitle or other applicable Act;

“Prospecting” – means the search for Seabed Mineral deposits, including estimation of the composition, size and distribution of deposits and their economic values, using low impact activities and without any exclusive rights;

“Prospecting Permit” – means a written document that is granted under chapter 6 of this subtitle for the purpose of allowing the conduct of Prospecting within the Exclusive Economic Zone of the Federated States of Micronesia pursuant to this subtitle;

“Prospector” – means a person to whom a Prospecting Permit is granted under chapter 6 of this subtitle, that person’s representatives, and any person or persons to whom the Title conferred by the Prospecting Permit may lawfully have been assigned;

“Protected Area” – means any area or areas within the Federated States of Micronesia established as a protected area within the meaning of the Convention on Biological Diversity (opened for signature at the Earth Summit in Rio de Janeiro on 5 June 1992, entered into force on 29 December 1993, signed by the Federated States of Micronesia on 12 June 1992 and ratified on 20
June 1994);

“Public Official” – means a person in the permanent or temporary employment of the Government of the Federated States of Micronesia whether exempted or not exempted by section 117 of title 52 of the Code of the Federated States of Micronesia;

“Qualification”, “Qualification Criteria”, “Qualify” and “Qualified” refers to criteria that a License Applicant must, in the NSRA’s determination, meet under section 605 of this subtitle in order for that Applicant’s License Application to be evaluated by the NSRA;

“Regulations” – means all regulations promulgated under this subtitle;

“Rules of the ISA” – means any rules, regulations, or procedures adopted by the ISA pursuant to its powers conferred by the UN Convention on the Law of the Sea that are from time to time in force, and any contractual terms contained in a contract between the ISA and a Sponsored Party relating to Seabed Mineral Activities in the Area;

“Seabed Minerals” – means the hard mineral resources deposited in any part of the deep seabed, including those in crust, nodule, or hydrothermal deposit form, which contain (in quantities greater than trace) metalliferous or non-metalliferous elements;
“Seabed Mineral Activities” – means

(a) Operations for Prospecting under Prospecting Permit, Exploration under Exploration License, or Mining under Mining License, of Seabed Minerals within the Federated States of Micronesia’s national jurisdiction, or

(b) Exploration or Mining of Seabed Minerals in the Area under the Federated States of Micronesia’s contract or sponsorship, under this subtitle;

“Secretary”– means the Secretary of the Department of Resources and Development for the National Government of the Federated States of Micronesia;

“Serious Harm” – means any significant adverse change. In relation to the Marine Environment, this means any effect that compromises ecosystem structure or function in a manner that impairs the ability of affected populations to replace themselves, degrades the long-term natural productivity of habitats, or causes, on more than a temporary basis, significant loss of species richness, habitat, or community types;

“Sponsored Party” – means a person who holds a current Sponsorship Certificate validly issued by the Federated States of Micronesia under chapter 7 of this subtitle, and that person’s representatives
or officers;

“Sponsorship Certificate” – means a written document issued to another person under Chapter 7 of this subtitle by the Federated States of Micronesia that validates the Federated States of Micronesia’s sponsorship of that person pursuant to this subtitle;

“Sponsorship Qualification Criteria” – refers to criteria which a Sponsorship Certificate Applicant must, in the NSRA’s determination, meet under section 704 of this subtitle, in order for that Applicant to be considered for a Sponsorship Certificate;

“Sponsoring State” – means a State Party to the UN Convention on the Law of the Sea, sponsoring a person to carry out Seabed Mineral Activities in the Area in accordance with Article 153(2)(b) of the UN Convention on the Law of the Sea;

“Territorial Sea and internal waters” – means the territorial sea and internal waters of the Federated States of Micronesia as described under section 102 of Title 18 of the Code of the Federated States of Micronesia;

“Title” – means the rights conferred and obligations imposed by a Prospecting Permit,
License, or Sponsorship Certificate under this subtitle;

"Title Area" – means the area of seabed to which a Title relates;

"Title Holder" – means a Prospector, Licensee, or Sponsored Party; and


(2) This subtitle shall where possible be interpreted, and all persons performing functions and duties or exercising powers under it shall act, consistently with the Federated States of Micronesia’s international obligations under the UN Convention on the Law of the Sea, and other relevant international instruments, and specifically the Federated States of Micronesia’s duties to:

(a) protect and preserve the Marine Environment and rare or fragile ecosystems and habitats;

(b) prevent, reduce, and control pollution from
Seabed Mineral Activities, or caused by ships or by dumping of waste and other matter at sea;

(c) prevent trans boundary harm;

(d) conserve biodiversity;

(e) apply the Precautionary Approach;

employ best environmental practice;

(f) conduct prior Environmental and Social Impact Assessment of activities likely to cause Serious Harm to the Environment; and

(q) take measures for ensuring safety at sea.”

Section 5. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 103 under chapter 1 of subtitle II, to read as follows:

“Section 103. Purpose of this subtitle - The purposes of this subtitle are -

(a) to establish a legal framework for the efficient management and development of the Federated States of Micronesia’s Seabed Minerals;

(b) to establish a legal framework for the sponsorship, and for the effective control by the Federated States of Micronesia, of contractors to undertake Seabed Mineral Activities in the Area;

(c) to provide that Seabed Mineral Activities within the Federated States of Micronesia’s national
jurisdiction, or under the Federated States of Micronesia’s sponsorship in the Area, must be carried out in accordance with best international practice, and in a manner that is consistent with internationally accepted rules, standards, principles, and practices, including the Federated States of Micronesia’s responsibilities under the UN Convention on the Law of the Sea, and specifically the Federated States of Micronesia’s duty to protect and preserve the Marine Environment;

(d) to promote transparency in decision-making on matters concerning the management of Seabed Mineral Activities;

(e) to provide a stable, transparent, and predictable regulatory environment for investors in Seabed Mineral Activities;

(f) to secure optimum benefits, long-term economic growth and sustainable development for the Federated States of Micronesia from the development of its Seabed Mineral sector, and to implement measures to maximize the benefits of Seabed Mineral Activities for its present and future generations of citizens.”

Section 6. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 104 under chapter 1 of subtitle II, to read as follows:
“Section 104. Operation of this subtitle.

In order to achieve the purpose stated herein, this subtitle inter alia -

(a) creates a regulatory system and designates a responsible Authority to license, monitor, and manage the Federated States of Micronesia’s involvement with Seabed Mineral Activities;

(b) establishes a system granting Titles pursuant to which Title Holders may engage in Seabed Mineral Activities under certain conditions;

(c) creates a register of Titles and provides for the registration of dealings and interests in Titles;

(d) creates offenses in respect of actions carried out in breach of the provisions of this subtitle;

(e) provides for the protection of the Environment during the conduct of Seabed Mineral Activities, including through the application of the provisions of the Environment Law;

(f) provides for the payment of royalty, fees, and taxes to Treasury in respect of Seabed Mineral Activities in the Federated States of Micronesia;

(g) provides for the Federated States of Micronesia to receive payments for its sponsorship of Seabed Mineral Activities in the Area;
(h) establishes a special fund in section 904 on
the revenue derived from Seabed Mineral Activities to
the invested for the long-term benefit of the people of
the Federated States of Micronesia.”

Section 7. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 105 under chapter 1 of subtitle II, to read as follows:
“Section 105. Sovereign rights over Seabed Minerals
within national jurisdiction and option of the states to
delegate to the NSRA the regulation of state resources.

(1) In accordance with the provision of article 1
section 1 of the constitution of the Federated States of
Micronesia and section 105 title 18 of the Code of the
Federated States of Micronesia, the sovereign rights to
the seabed resources contained in the waters superjacent
to the Exclusive Economic Zone and to the Continental
Shelf beyond the Exclusive Economic Zone are hereby
vested in the national government to be managed on
behalf of the people of the Federated States of
Micronesia pursuant to this subtitle.

(2) Nothing in this subtitle deprives the State
Governments of sovereignty over the seabed resources in
their respective territorial and internal waters or
their authority to delegate to the NSRA any
responsibility pertaining to such State resources.”
Section 8. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 106 under chapter 1 of subtitle II, to read as follows:

"Section 106. Application of this subtitle.

This subtitle applies to —

(a) all individuals, whether or not citizens of or resident in the Federated States of Micronesia and

(b) all bodies corporate, whether or not incorporated or carrying on business in the Federated States of Micronesia.

This subtitle does not apply to the exploration for or recovery of petroleum."

Section 9. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 107 under chapter 1 of subtitle II to read as follows:

"Section 107. Jurisdiction.

By the enactment of this subtitle the Federated States of Micronesia:

(a) exercises sovereignty over its Territorial Sea and internal waters and its exclusive sovereign rights over its Exclusive Economic Zone and Continental Shelf for the purpose of exploring and mining its non-living natural resources;

(b) recognizes:

(i) the seabed resources of the Area to be
the common heritage of mankind,

(ii) that rights to the Area are governed by the Rules of the ISA,

(iii) that Seabed Mineral Activities in the Area shall be carried out in association with the ISA only by State Parties to the UN Convention on the Law of the Sea, State enterprises, or by persons sponsored by Sponsoring States,

(iv) the ISA’s responsibility under the UN Convention on the Law of the Sea to organize and control activities in the Area on behalf of mankind as a whole, including to:

A. process applications for approval of plans of work for exploration and mining in the Area,

B. monitor compliance with plans of work, approved in the form of a contract, including through a staff of inspectors,

C. adopt rules, regulations and procedures necessary for the conduct of exploration and mining in the Area, including for the:

1. protection and preservation of the natural resources of the Area and the prevention of damage to the flora and fauna of the Marine Environment, and

2. prevention, reduction and control of pollution and other hazards to the Marine Environment,
(v) the responsibility of State Parties to
the UN Convention on the Law of the Sea including the
Federated States of Micronesia to assist the ISA in
exercising its duties outlined in section 1070 of this
subtitle, and
(vi) where the Federated States of Micronesia
is a Sponsoring State, the Federated States of
Micronesia’s duty to effectively control any person
engaged in Seabed Mineral Activities in the Area under
its sponsorship, in order to ensure conformity of those
Seabed Mineral Activities with the UN Convention on the
Law of the Sea and the Rules of the ISA and other
international law obligations of the Federated States of
Micronesia; and
(c) exercises its jurisdiction over the Federated
States of Micronesia’s citizens subjects and vessels,
and foreign persons and vessels otherwise subject to the
Federated States of Micronesia’s effective control,
engaged in Seabed Mineral Activities, in accordance with
generally accepted principles of international law
recognized by the Federated States of Micronesia.”

Section 10. Title 24 of the Code of the Federated
States of Micronesia, as amended, is hereby further amended
by creating a new chapter 2 under subtitle II entitled:
“National Seabed Resources Authority”.

19 of 166
Section 11. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 201 under chapter 2 of subtitle II, to read as follows:

"Section 201. Establishment of the National Seabed Resources Authority:

(1) There is hereby established a National Seabed Resources Authority ("NSRA") Board. The NSRA Board is composed of five voting members, each discharging a national function and authority.

(2) The following are the voting members of the NSRA Board appointed as follows:

(a) one member from each of the four States to be appointed by the President on the recommendation of the Governor with the advice and consent of Congress; and

(b) the Secretary, who shall serve as the Chairperson of the NSRA Board.

(3) In the absence of an appointed Secretary, the President may temporarily designate another person to act in the Secretary’s stead as member and Chairperson of the NSRA Board.

(4) The NSRA shall meet at such time and place as may be designated by the Chairperson or by vote of the members pursuant to any method set out in the NSRA regulation."
The NSRA shall adopt its own regulation governing the conduct of its business and performance of the powers and duties granted to or imposed upon it by law. A quorum of the NSRA shall consist of a majority of all voting members. All official business of the NSRA shall be conducted by a majority of members present at a meeting of the NSRA for which a quorum exists, unless otherwise provided by law or the regulation of the NSRA."

Section 12. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 202 under chapter 2 of subtitle II, to read as follows:

"Section 202. Objectives of the NSRA.

The NSRA has the following objectives:

(a) The compliance objective: to maintain effective control of Seabed Mineral Activities, by securing compliance by Title Holders with their obligations under this subtitle;

(b) The national interest objective: to maximize economic and development benefits from Seabed Mineral Activities to the people of the Federated States of Micronesia for present and future generations;

(c) The environmental protection objective: to seek to ensure that Seabed Mineral Activities under the control or sponsorship of the Federated States of
Micronesia are undertaken with due regard to:

(i) the duty to protect and preserve the Marine Environment; and

(ii) the need to protect the well-being of individuals and communities insofar as they may be impacted by or employed in Seabed Mineral Activities;

(d) The accountability objective: to provide a stable, transparent, predictable, and accountable regime within the Federated States of Micronesia for the permitting, licensing and sponsorship, and regulation by the Federated States of Micronesia of the Seabed Mineral Activities.”

Section 13. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 203 under chapter 2 of subtitle II, to read as follows:

“Section 203. Functions of the NSRA. To ensure the implementation of this subtitle, the NSRA shall perform the following functions:

(a) develop policies, standards, and guidelines for the purpose of regulating and monitoring the development of the Federated States of Micronesia’s Seabed Minerals sector, and provide advice and guidance in relation to Applications, Titles, Seabed Mineral Activities and associated matters;

(b) maintain a cadastral survey map and registry,
manage the designation and allocation of Titles, and
maintain records of Titles granted and the blocks or
cells of seabed to which they relate;

(c) conduct due diligence enquiry into
Applicants, receive and evaluate Applications or request
for Title renewal or variation, and grant or deny Titles
or Title renewals or variations;

(d) cooperate with the Office of Environment and
Emergency Management in the conduct and review of
Environmental and Social Impact Assessments for Seabed
Mineral Activities required under this subtitle and any
other laws of the Federated States of Micronesia;

(e) monitor the performance and impact of Seabed
Mineral Activities and the compliance by Title Holders
with the terms of this subtitle, any Regulations, and
the relevant Title;

(f) monitor the continuing validity of the terms
of a Title or amend the terms of a Title whenever
reasonable or necessary but with prior notice to a Title
Holder;

(g) enforce compliance with this subtitle,
Regulations, or a Title;

(h) share information and hold consultation with
stakeholders and general public on Seabed Mineral
Activities as appropriate; and
(i) liaise with the ISA and any other relevant international organization in accordance with the UN Convention of the Law of the Sea to facilitate the lawful conduct of Seabed Minerals Activities or the protection of the Marine Environment.”

Section 14. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 204 under chapter 2 of subtitle II, to read as follows:

“Section 204. Duties of the NSRA. In performing its functions, the NSRA shall so far as is reasonably practicable act in a way which is compatible with:

(a) the duties contained in section 102(2) of this subtitle;

(b) meeting its objectives contained in section 202 of this subtitle;

(c) the principles of best regulatory practice (including the principles under which regulatory activities should be proportionate, accountable, consistent, transparent and targeted only at cases in which action is needed); and

(d) such generally accepted principles of good corporate governance as it is reasonable to regard as applicable to it.”

Section 15. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a
new section 205 under chapter 2 of subtitle II, to read as follows:

"Section 205. Powers of the NSRA.

The following powers are vested in the NSRA:

(a) Promotion

1. To undertake promotion activities and programs aimed at encouraging foreign investment in the areas of Prospecting, Exploration, and Mining in the Federated States of Micronesia, or under the Federated States of Micronesia’s Sponsorship in the Area.

2. To encourage the growth of related industries or sectors or which provide support to the Offshore Minerals industry to the extent that such industries and sectors help generate job and income opportunities locally.

3. To promote the sustainable, scientific, and environmentally sound utilization of resources under this Act, applying the Precautionary Approach.

(b) Regulatory

1. To establish reasonable standards of regulation governing Prospecting, Exploration, and Mining.

(a) The standards of regulation are those set in this subtitle and such other standards as are reasonably set by administrative regulation.

(b) The NSRA shall consult relevant stakeholders and
give due consideration to their views prior to the
effective date of any regulation.

2. To set applicable fees and charges through
regulation in order to recover the cost of
undertaking regulation activities.

(c) Monitoring and Compliance

1. To require and receive information relevant to
its regulatory function from Title Holders, and to
exercise powers of inspection as defined in sections
214.

2. To take steps, including administrative action in
accordance with section 218 of this subtitle, to
secure compliance by any person conducting Seabed
Mineral Activities with the terms of the Title and
the laws of Federated States of Micronesia.

3. To seek judicial reliefs and remedies regarding
suspected violation or any matter that may arise in
this subtitle.

(e) Related powers

1. To seek the assistance of the Department of
Justice and other agencies of the national
government for the effective exercise of any power
vested in the NSRA.

2. To seek expert advice or assistance on economic,
legal, scientific, and technical issues affecting or
relating to the management, administration, or regulation of Seabed Mineral Activities.

3. Appoint an executive director having duties and powers in section 223, support staff, and such other person qualified to provide expert assistance in the discharge of NSRA’s duties and functions or as considered appropriate from time to time.”

Section 16. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 206 under chapter 2 of subtitle II, to read as follows:

“Section 206. Information Gathering.

(1) In performing its functions, and subject to the provisions of this subtitle, the NSRA may gather, retain and publish or disseminate information relating to any Application, Title, Seabed Mineral Activities or Ancillary Operations, including:

(a) copies of geological, environmental, geochemical and geophysical data, or other surveys, reports, plans maps or documents acquired, created or held by the Title Holder in the course of carrying out the Seabed Mineral Activities that, in the NSRA’s opinion, are necessary for and relevant to the effective exercise of its powers and functions;

(b) the estimation of the grade and quantity of commercially exploitable deposits, when such deposits
have been identified, and the anticipated mining conditions;

(c) a statement of how and where any Seabed Mineral samples or ores are stored; and

(d) all books, accounts, financial records, and performance data which the Title Holder is required to maintain under this subtitle, or the terms of the Title;

(2) The NSRA may by Order require any person to furnish it within a reasonable time with any information of the type listed in subsection (1) that it reasonably believes is in that person’s possession.

(3) The NSRA may by Order summon a Title Holder or its authorized representative, for the purposes of furnishing any information of the type listed under subsection (1).

(4) Failure to comply with an Order made under this section without reasonable justification shall be an offense. Objections based upon evidence that to furnish the information would be a breach of intellectual property or other legal duties may constitute reasonable justification for the purpose of this section.

(5) Any person guilty of an offense under this section shall be liable for a fine not exceeding fifty thousand dollars ($50,000).”
Micronesia, as amended, is hereby further amended by inserting a new section 207 under chapter 2 of subtitle II, to read as follows:

"Section 207. Information-handling.

(1) The NSRA shall only use the information that it receives under this subtitle as is necessary for the effective exercise of its functions, and will not disclose that information unless:

(a) the relevant Title Holder or Applicant consents;

(b) it is generally known or publicly available from other sources;

(c) such disclosure is necessary in connection with the NSRA’s administration of this subtitle, including for the purpose of maintaining a public register of Titles, or for consultation with the public of the Federated States of Micronesia; or

(d) the disclosure is made for the purpose of any arbitration or litigation, or is made by order of the court.

(2) Nothing in this section shall permit disclosure without prior consent by the NSRA of information that is confidential under applicable law, including but not limited to, personnel matters, confidential technical or proprietary information and intellectual property relating to the Seabed Mineral Activities, or privileged
(3) Any employee or member of the NSRA or any other Public Official who discloses information in breach of this section, commits an offense, punishable upon conviction to a fine not exceeding ten thousand dollars ($10,000), a term of imprisonment of not more than two years, or both."

Section 18. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 208 under chapter 2 of subtitle II, to read as follows: "Section 208. Supply of false or misleading information to the NSRA.

(1) Any person who knowingly or recklessly provides the NSRA with information which is false or misleading in a material particular shall be guilty of an offense if the information:

(a) is provided in purported compliance with a requirement imposed by or under this subtitle; or

(b) is provided otherwise than as mentioned in subsection (1)(a) but in circumstances in which the person providing the information intends, or could reasonably be expected to know, that it would be used by the NSRA for the purpose of discharging its functions under this subtitle.

(2) Any person who willfully alters, suppresses,
conceals or destroys any document which he is or she is liable to be required, by or under this subtitle, to produce to the NSRA shall be guilty of an offense.

(3) Any person guilty of an offense under this section shall be liable a fine not exceeding fifty thousand dollars ($50,000)."

Section 19. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 209 under chapter 2, to read as follows:

“Section 209. Preparation of guidelines - The NSRA may from time to time publish and disseminate procedures, standards, manuals, recommended practices and guidelines of a technical or administrative nature relating to Seabed Mineral Activities or to assist Title Holders, Government agencies, and other interested parties in the implementation of this subtitle and the Regulations, including by reference to any recommendations of any organ of the International Seabed Authority.”

Section 20. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 210 under chapter 2 of subtitle II, to read as follows:

“Section 210. Record of decisions.

(1) The NSRA will keep written records of decisions (and the grounds for them) taken under the following
sections of this subtitle:

(a) 206(2) (Information Order);
(b) 215 (Enforcement Order);
(c) 502 (Grant of a Prospecting Permit);
(d) 505 (Denial of Prospecting Permit);
(e) 602 (Grant and Issue of License);
(f) 626 (Renewal of License);
(q) 628 (Variation, Suspension or Revocation of a
License);
(h) 702 (Entry into Sponsorship of Seabed Mineral
Activities in the Area); and
(i) 710 (Revocation of a Sponsorship
Certificate).

(2) A record kept under this section, and that is
signed by the Secretary or on behalf of the NSRA by the
Executive Director, is prima facie evidence that the
decision was duly made as recorded."

Section 21. Title 24 of the Code of the Federated
States of Micronesia, as amended, is hereby further amended
by inserting a new section 211 under chapter 2 of subtitle
II, to read as follows:

"Section 211. Monitoring - The NSRA will monitor and
verify Title Holders' performance and adherence to this
subtitle, Regulations, Title, and any conditions arising
from an Environmental and Social Impact Assessment where
required under this subtitle or any other laws of the
Federated States of Micronesia, with particular regard
to progress with Seabed Mineral Activities, and the
impacts of Seabed Mineral Activities on the
Environment, other sea users, bordering States, national
industries, or the people of the Federated States of
Micronesia."

Section 22. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 212 under chapter 2 of subtitle II, to read as follows:

"Section 212. Incidents and Inquiries.

(1) A Title Holder involved in an Incident shall
report it to the NSRA in accordance with section 403(t)
of this subtitle, and shall respond efficiently and
responsibly to the Incident, including by seeking and
following the NSRA’s instructions, or the ISA’s
instructions where relevant.

(2) An Incident report to the NSRA for the purposes of
subsection (2) must contain the details of such Incident
including:

(a) the coordinates of the area affected and of
the area which can reasonably be anticipated to be
affected;

(b) the description of the action being taken by
the Title Holder to monitor, prevent, contain, minimize,
and rehabilitate the harm or threat of harm to the Environment or to human health and safety; and

(c) any such supplementary information as is required by the NSRA.

(3) The NSRA shall provide such administrative assistance to a Title Holder as is expedient to facilitate the Title Holder’s efficient response to an Incident.

(4) The NSRA may hold, or may commission, inquiries into Incidents or any matter in the interests of the orderly conduct of Seabed Mineral Activities.”

Section 23. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 213 under chapter 2 of subtitle II, to read as follows:

“Section 213. Inspectorate - The NSRA shall maintain an inspectorate and shall appoint such persons appearing to the NSRA to be technically qualified for the purpose as Inspectors, to assist with the NSRA’s monitoring and compliance function.”

Section 24. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 214 under chapter 2 of subtitle II, to read as follows:

“Section 214. Inspectors’ Powers

(1) Any person appointed by the NSRA as an Inspector under section 213 of this subtitle, shall, if reasonably
necessary for the purpose of determining compliance with
this subtitle, be entitled at all reasonable times and
with reasonable notice to a Title Holder to—

(a) board or obtain access to the Title Area and
all parts of any premises, vessel or equipment used for
or in connection with the Title;

(b) inspect or test any machinery or equipment
that in the Inspector’s opinion is being or is intended
to be used for the purposes of the Title;

(c) inspect, test, or take temporary possession
of any samples or assays of such samples of Seabed
Minerals taken under the Title;

(d) examine and take copies of books, accounts,
documents, or records of any kind required to be kept
under this subtitle, Regulations, and the Title;

(e) require the Title Holder to carry out such
procedures in respect of any equipment used for or in
connection with Seabed Mineral Activities as may be
deemed necessary by the NSRA;

(f) document any site visit or inspection
activity using any reasonable means including video,
audio, photograph, or other form of recording;

(g) upon written authorization from the NSRA,
perform any other functions of the NSRA as its
representative, including the issue of Orders under
sections 206 (2) (Information Order) and 215
(Enforcement Order) of this subtitle; and
(h) undertake any additional actions as may be
Prescribed.

(2) An Inspector shall take all reasonable steps to
avoid: expending excessive time on a Title Holders’
vessel or installation, disruption of Seabed Mineral
Activities, unjustified removal of samples, or
interference with the safe and normal operation of
Seabed Mineral Activities and Ancillary Operations.

(3) Any Title Holder who considers that an Inspector
is not acting in accordance with subsection (2) may
apply for a hearing or a review of the Inspector’s
decision or action pursuant to title 17 of the Code of
the Federated States of Micronesia.

(4) A Title Holder and its officers and agents shall
cooperate with the reasonable requests and exercise of
powers by an Inspector, and to provide an Inspector with
reasonable and safe accommodation and subsistence while
on board any ship or installation for the purposes of
this subtitle.

(5) The willful obstruction or intimidation or abuse
by any person of an Inspector, or the failure by a Title
Holder or its officer or agent to comply with subsection
(4), shall be an offense.
(6) Any person guilty of an offense under this section shall be liable to a fine not exceeding five thousand dollars ($5,000)."

Section 25. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 215 under chapter 2 of subtitle II, to read as follows:

"Section 215. Enforcement Order

(1) Where considered necessary or expedient the NSRA (and its authorized officers) may issue an Enforcement Order requiring corrective action in relation to a suspected, observed, or anticipated contravention of this subtitle, Regulations, or a term of a Title, or in respect of any circumstance that presents or would present a risk to life or a risk of Serious Harm to the Environment.

(2) An Enforcement Order made under this section may in reasonable terms:

(a) require a person to:

(i) take corrective action, or

(ii) stop taking harmful action; and

(b) include a mandatory timeframe for the required action or inaction.

(3) Where the subject of an Enforcement Order objects to its requirements, a hearing or review of the Order may be conducted in accordance with title 17 of the Code
of the Federated States of Micronesia.

(4) Failure to comply with an Enforcement Order made under this section shall be an offense.

(5) It is a defense for a person charged with an offense under subsection (4) to prove that he took all reasonable steps within his control for securing that the required action or inaction would be complied with in time.

(6) Any person guilty of an offense under this section shall be liable to a fine not exceeding one hundred thousand dollars ($100,000)."

Section 26. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 216 under chapter 2 of subtitle II, to read as follows:

"Section 216. Action by the NSRA where there is failure to comply with Enforcement Order.

The NSRA may do all or any of the corrective actions required by an Enforcement Order made under section 215 of this subtitle if:

(a) the time of compliance specified in the Enforcement Order has ended; and

(b) the person to whom the Enforcement Order was given or to whom it extended has not complied with the Order."
Section 27. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 217 under chapter 2 of subtitle II, to read as follows:

"Section 217. Costs incurred by the NSRA in taking corrective action. If the NSRA takes corrective action under section 216 of this subtitle in relation to an Enforcement Order, the reasonable costs and expenses incurred by the NSRA in taking that action are a debt due to the NSRA by the person or persons whose failure to comply with the Enforcement Order led to that action, which is recoverable in a court of competent jurisdiction."

Section 28. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 218 under chapter 2 of subtitle II, to read as follows:

"Section 218. Administrative Action.

(1) The NSRA may take any one or more of the administrative actions in subsection (2) in respect of a Title Holder, upon the NSRA reasonably determining that the Title Holder has materially breached:

(a) a condition or term of its Title; or

(b) a requirement of this subtitle, Regulations, or other law of the Federated States of Micronesia.

(2) Administrative actions that the NSRA may take in accordance with subsection (1) are to:
(a) issue written warnings, including warnings in relation to possible action the NSRA may take in the event of a future breach;

(b) enter into a written agreement providing for the Title Holder to undertake a program of remedial action and to mitigate the risk of re-occurrence;

(c) issue an Enforcement Order under section 215 of this subtitle for the Title Holder to prevent, or correct a breach;

(d) impose an administrative penalty not exceeding ten thousand dollars ($10,000) for each day during which the breach continues;

(e) impose temporary restrictions on the Seabed Mineral Activities of the Title Holder until the NSRA is satisfied that action has been taken to remedy the breach and to mitigate the risk of re-occurrence;

(f) commence a process under section 627 or section 628 of this subtitle to vary, suspend or revoke the Title, including a variation to impose additional conditions on the Title.

(3) Action taken under subsection (2) of this subtitle shall be commensurate with the gravity, frequency and other circumstances of the breach, including the Title Holder’s previous conduct under the Title.

(4) Where a Title Holder objects to a decision by the
NSRA to take administrative action, a hearing or review
of that decision may be conducted in accordance with
Title 17 of the Code of the Federated States of
Micronesia.”

Section 29. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 219 under chapter 2 of subtitle II, to read as follows:

“Section 219. NSRA – term of office of members;
vacancies.

(1) Except for the appointment of the Secretary, all
appointments of NSRA members shall be for a term of two
years. The term of office of each member shall commence
either upon the granting of advice and consent to a
member's appointment by the Congress of the Federated
States of Micronesia or, for any vacancies existing upon
the effective date of this subtitle or thereafter, upon
the granting of advice and consent of the Congress to
the appointment of a member to fill a vacancy.

(2) The Executive Director shall notify the President
of the Federated States of Micronesia in writing of an
impending vacancy on the NSRA not less than ninety (90)
days prior to the expiration of the term of a member and
immediately upon receipt of a member's notice of intent
to resign.

(3) Notwithstanding any other provision of this
subtitle, an appointment to the NSRA shall be declared vacated or terminated by the President of the Federated States of Micronesia in the event of any of the following:

(a) submission of a written resignation, signed by the member and delivered to the President of the Federated States of Micronesia;

(b) the death or other incapacity of a member;

(c) absence of a member, except with the written consent of the President of the Federated States of Micronesia or of the Chairperson of the NSRA Board, from three consecutive meetings of the NSRA;

(d) conviction of a member of any offense under this subtitle, or of an offense under any other law punishable by a term of imprisonment for one year or more.

(4) Vacancies occurring pursuant to subsection (3), or for any other reason prior to the expiration of a member's term, shall be filled in the same manner as vacancies arising from the expiration of a member's term, provided that such appointments shall only be effective for the remainder of the unexpired term of the departing member."

Section 30. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a
new section 220 under chapter 2 of subtitle II, to read as follows:

“Section 220. Compensation of members.

(1) Members of the NSRA Board who are not employees or officials of the Government of the Federated States of Micronesia shall be compensated for time spent performing the official business of the NSRA, at such rate as may be set in the rules of the NSRA.

(2) All members of the NSRA Board, including members who are employees or officials of the Government of the Federated States of Micronesia, shall receive per diem and travel expense allowance at established Federated States of Micronesia rates while travelling on the official business of the NSRA.”

Section 31. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 221 under chapter 2 of subtitle II, to read as follows:

“Section 221. NSRA – adoption of regulations.

(1) The NSRA Board shall have the authority to adopt regulations in accordance with the Administrative Procedures Act prescribing anything required or authorized to be prescribed under this subtitle; or generally for carrying this subtitle into effect.

(2) Regulations adopted by the NSRA shall have the full force and effect of law, and shall be considered an integral part of this subtitle.”
Section 32. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 222 under chapter 2 of subtitle II, to read as follows:

"Section 222. Executive Director.

(1) The NSRA shall employ a full-time Executive Director possessing such qualifications as may be established by the NSRA.

(2) The Executive Director will supervise and execute the day-to-day performance of the NSRA’s functions. Whenever expressly delegated by the NSRA Board or in the absence of sufficient number of members appointed to the NSRA Board constituting a quorum as required in this subtitle, the Executive Director has the authority to temporarily discharge the duties and functions of the NSRA and to utilize such powers of the NSRA as are reasonably necessary in the discharge of the duties on behalf of the NSRA Board.

(3) The Executive Director shall receive remuneration for his services, the amount of which shall be fixed by the NSRA.

(4) The Executive Director shall serve at the pleasure of the NSRA Board and shall be exempt from the National Public Service System established in title 52.

(5) The Executive Director shall have the following powers and duties:
(a) To issue Titles, as approved by the NSRA Board.

(b) To report to the NSRA Board any violation of the terms of a Title, and take administrative action of the type specified in section 218, provided prior NSRA Board approval have been obtained for that action.

(c) To manage and implement the NSRA’s monitoring and compliance function.

(d) To perform other duties and responsibilities as may be assigned to him by the NSRA Board from time to time.

(e) To prepare the annual report for the approval by NSRA Board in accordance with section 223.”

Section 33. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 223 under chapter 2 of subtitle II, to read as follows:

“Section 223. Annual report.

(1) By December 1st of each year, the Chairperson of the NSRA shall present to the President and to Congress a written annual report approved by the NSRA Board on the activities of the NSRA, containing:

(a) a detailed accounting of the expenditure of funds of the NSRA,

(b) the number of Titles issued,

(c) the fees, taxes, royalties, and fines
collected,

(d) Seabed Mineral Activities undertaken,
(e) estimates from current data of the quality, quantity, and location of Seabed Minerals within the national jurisdiction of the Federated States of Micronesia, and within any Contract Area, and
(f) such other information regarding the implementation of this subtitle in the preceding fiscal year as the NSRA may determine.

(2) The NSRA shall ensure that all departments and offices of the National Government and the governors of the States are furnished copies of the NSRA's annual report, and shall make the annual report publicly available."

Section 34. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by creating a new chapter 3 under subtitle II entitled: "Areas Available for Seabed Mining Activities in the Federated States of Micronesia".

Section 35. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 301 under chapter 3 of subtitle II, to read as follows:

"Section 301. Graticulation of earth’s surface.
For the purpose of this subtitle, the surface of the earth is deemed to be divided into graticular sections:

(a) by the meridian of Greenwich and by the
meridians that are at a distance from that meridian of 5
minutes or a multiple of 5 minutes of longitude;

(b) by the equator and by parallels of latitude
that are a distance from the equator of 5 minutes, or a
multiple of 5 minutes of latitude; and

(c) each of which is bounded by:

(i) portions of two of those meridians that
are at a distance from each other of 5 minutes of
longitude; and

(ii) portions of two of those parallels of
latitude that are at a distance from each other of 5
minutes of latitude."

Section 36. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 302 under chapter 3 of subtitle II to read as follows:

"Section 302. Constitution of blocks/cells
For the purpose of this subtitle:

(a) The seabed and subsoil of any such graticular
section is a block.

(b) The position on the surface of the Earth of a
block or any other position identified for the purpose
of this subtitle or Regulations is to be determined by
reference to the World Geodetic System (WGS 84); a
boundary between points on the surface of the Earth must
be a geodesic; and grid coordinates must be described in
accordance with the Universal Transverse Mercator Grid System.

(c) The NSRA may further divide blocks into smaller divisions called cells.”

Section 37. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 303 under chapter 3 of subtitle II, to read as follows:

“Section 303. Release of blocks for Activities.

Subject to section 304 of this subtitle, the NSRA may by reference to geographical coordinates designate an area or areas of the Federated States of Micronesia’s Exclusive Economic Zone or Continental Shelf or Territorial Sea and internal waters where the responsibility over such zones has been delegated to NSRA under this subtitle) to be released for the purpose of Seabed Mineral Activities or specified types of Seabed Mineral Activities, by reference to a block or blocks, or cell or cells.”

Section 38. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 304 under chapter 3 of subtitle II, to read as follows:

“Section 304. Reserved areas.

(1) If there is no Title over a particular area of the Federated States of Micronesia’s Exclusive Economic Zone or Continental Shelf, the NSRA may declare the area to
be a reserved area.

(2) Areas may be reserved by the NSRA for purposes inter alia of marine spatial management, environmental protection, or to set aside for future tender for Seabed Mineral Activities.

(3) Any area or part of an area declared to be a Marine Reserve or Protected Area shall be deemed automatically to be a declared reserved area for purposes of this subtitle.”

Section 39. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 305 under chapter 3 of subtitle II, to read as follows:

“Section 305. Reserved areas not available for Seabed Mineral Activities. While a reserved area declaration under section 304 of this subtitle is in force, the NSRA shall not tender or grant a Title over any block or blocks contained in that reserved area.”

Section 40. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 306 under chapter 3 of subtitle II, to read as follows:

“Section 306. Cadastral Survey Map and Register of Titles.

(1) The NSRA shall, within six months of the effective date of this subtitle, complete an inventory of its geological data and Seabed Mineral records, and
acquire the technical capabilities to implement a cadastral survey map, and to delineate on maps of appropriate scale, which blocks or cells are at any time:

(a) subject to License Applications, or Licenses issued under this subtitle;

(b) open to License Applications; and

(c) areas reserved under section 304 of this subtitle.

(2) The NSRA shall retain a register of Titles, containing up-to-date and accurate records of Applications received and Titles granted.

(3) For every Title granted, the NSRA shall update the cadastral survey map and enter a record in the register of Titles that shall include at least the following information:

(a) the name and registered address of the Title Holder;

(b) the date of the grant of the Title;

(c) the duration of the Title and expiry date;

(d) a description of the area or areas in respect of which the Title is granted;

(e) the Seabed Minerals in respect of which the Title is granted; and

(f) a description of the Seabed Mineral
Activities in respect of which the Title is granted.

(4) The cadastral survey map and register of Titles should be amended accordingly in the event of any transfer, renewal, variation, suspension, termination, revocation, expiry or surrender of Title.”

Section 41. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 307 under chapter 3 of subtitle II, to read as follows:

"Section 307. Cadastral survey map and register open to public inspection.

(1) The cadastral survey map and register of Titles maintained by the NSRA in accordance with section 306 shall be open to public inspection during business hours of the NSRA.

(2) The NSRA shall include on the register full copies of Applications and Titles, details of any Incident, and each Title Holder’s annual report, save for information that is a third party’s proprietary information, or where in the NSRA’s view the publication of that information would not be in the public interest, such as personal addresses of Title Holder personnel.

(3) For the purpose of subsection (2), the NSRA shall take into account any representations received from Applicants and Title Holders in determining the information that may be withheld from publication.
(4) The NSRA may upon application and payment of a
Prescribed fee issue a certified copy of any Title or
other document filed with the NSRA for the purpose of
maintaining the register of Titles, which will be
admissible in evidence in any court.”

Section 42. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 308 under chapter 3 of subtitle II, to read as follows:

“Section 308. Regulations for prescribing maximum areas
to be held under License. The NSRA may prescribe by
Regulations maximum areas that may be held under any one
License or by any one person or company at any one
time.”

Section 43. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by creating a
new chapter 4 under subtitle II entitled: “Duties and
responsibilities of individuals”.

Section 44. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 401 under chapter 4 of subtitle II, to read as follows:

“Section 401. Prohibited Activities.

(1) No person may engage in any Seabed Mineral
Activities unless, and only insofar as, authorized to do
so under a Title issued under this subtitle.

(2) Any person who contravenes subsection (1) shall be
Section 45. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 402 under chapter 4 of subtitle II, to read as follows:

"Section 402. Adherence to laws and rules.

(1) Any Prospector or Licensee in conducting Seabed Mineral Activities and Ancillary Operations is required, inter alia, to adhere to the provisions in each case in force from time to time of:

(a) the laws of the Federated States of Micronesia including the Environment Law, this subtitle, and any Regulations;

(b) the terms and conditions of the Title permitting the Seabed Mineral Activities;

(c) any environmental conditions arising from the Environmental and Social Impact Assessment; and

(d) such rules, regulations, and procedures as may be adopted in the Federated States of Micronesia."
relating to employment (including protection against
discrimination in employment), occupational health and
safety and public health, labor relations, social
security, safety at sea, and living conditions of
workers on-site.

(2) Any Sponsored Party engaging in Seabed Mineral
Activities is required, inter alia, to adhere to the
provisions of the Rules of the ISA, relevant parts of
this subtitle, Regulations, and the terms of any
Sponsorship Certificate issued under chapter 7 of this
subtitle."

Section 46. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 403 under chapter 4 of subtitle II, to read as follows:

"Section 403. Title Holders’ Duties
In addition to terms and conditions contained in the
individual Title, all Title Holders must:
Social and Environmental Management

(a) apply the Precautionary Approach, and employ
best environmental practice in accordance with
prevailing international standards in order to avoid,
remedy, or mitigate the adverse effects of Seabed
Mineral Activities on the Environment;

(b) take necessary steps to prevent, reduce and
control pollution and other hazards to the Marine
Environment, including waste material, arising from Seabed Mineral Activities and Ancillary Operations;

 (c) where and as required by the Environment Law and this subtitle or for Seabed Mineral Activities in the Area the Rules of the ISA, before commencing work, conduct an Environmental and Social Impact Assessment that will identify and analyze the levels of impacts that may be expected from Seabed Mining Activities and Ancillary Operations and provide measures to prevent, mitigate, or compensate for those impacts, and not proceed with Licensed activities unless and until the appropriate approval to the Environmental and Social Impact Assessment under this subtitle or any other laws of the Federated States of Micronesia, or the Rules of the ISA where applicable, has been obtained;

 (d) if marine or coastal users likely to be directly adversely affected by the Seabed Mineral Activities are identified by the NSRA or the Title Holder at any time, including through the Application and Environmental and Social Impact Assessment processes, obtain free, prior and informed consent, including by way of compensation, from those persons prior to commencing the Seabed Mineral Activities;

 (e) not proceed or continue with the Seabed Mineral Activities without obtaining prior written
consent from the NSRA to proceed, if evidence arises that to proceed is likely to cause Serious Harm to:

(i) the Environment that was not anticipated in any Environmental and Social Impact Assessment previously conducted,

(ii) the safety, health or welfare of any person, or

(iii) to other existing or planned legitimate sea uses including but not limited to Marine Scientific Research;

(f) not dump mineral materials or waste, or any other substance, from any vessel except in accordance with international law and the directions of the NSRA or for Seabed Mineral Activities in the Area the Rules of the ISA;

(g) at the end of the Title term or upon earlier suspension, revocation, or surrender of the Title, remove all installations, equipment, and materials in the Title Area, so as to ensure that the Title Area does not constitute a danger to persons, shipping, or the Marine Environment, and provide a final report including information on the rehabilitation of the Title Area;

Training

(h) cooperate in the capacity-building of personnel of the Federated States of Micronesia in
connection with Marine Scientific Research, Seabed Mineral Activities, and any related transfer of technology as may be agreed in the Title, including providing opportunities in consultation with the NSRA for the participation of representatives of the Federated States of Micronesia in the Seabed Mineral Activities;

(i) provide sufficient training, supervision, and resources to employees, agents, or officers, to ensure compliance with the Title and this subtitle.

Financial

(j) maintain separately for each Title a complete and proper set of books, accounts, financial records, and performance data consistent with internationally accepted accounting practices, which are annually audited by an independent auditor, and in the case of a Mining License, which are sufficient to determine the amount of royalties, fees, or taxes that may be payable under this or any other Act, and supply such data to the NSRA in the format and at such times as may be required;

(k) at all material times, maintain appropriate insurance policies that provide adequate coverage for risks and costs of damages associated with Seabed Mineral Activities, or otherwise satisfy the NSRA of the Title Holder’s financial and technical capability to
respond to potential Incidents;

Legal

(l) at all material times, ensure that:

(i) any vessels, installation and equipment engaged in Seabed Mineral Activities or Ancillary Operations are in good repair and comply with the laws of the flag state relating to vessel standards; and

(ii) working conditions for personnel engaged in Seabed Mineral Activities and Ancillary Operations meet applicable employment rules and health and safety standards, and comply with the laws of the flag state relating to the safety of life at sea;

(m) obtain any other permits, approval, certification or other documentation required under the laws of the Federated States of Micronesia for the lawful performance by the Title Holder of the Seabed Mineral Activities;

(n) carry out the Seabed Mineral Activities lawfully, with due diligence and efficiency, and within reasonable time limits;

(o) not amend, alter or vary the work plan contained in the Title without the prior and informed written consent of the NSRA, following a review in accordance with section 627 of this subtitle;

(p) not engage in, and to take all reasonable
steps to ensure that its employees, agents, contractors
and subcontractors do not engage in, any activity
related to the Title in exchange for any improper
benefit to the Licensee, employee, agent, contractor or
subcontractor, or to associated persons including a
friend or family member;

(q) notify the NSRA in writing immediately upon
becoming aware that any requirement imposed on it is
inconsistent with any other requirement, or that any
requirement is incompatible with the performance of the
Seabed Mineral Activities;

Reporting

(r) advise the NSRA in writing 30 days in advance
of the date of departure from port of the schedule of
each cruise planned for the purpose of performing the
Seabed Mineral Activities under its Title;

(s) submit to the NSRA immediately in writing
notice of any new information arising or data collected
that materially affects the work plan or the Title
Holder’s ability to adhere to the terms of the Title;

(t) submit to the NSRA immediately by telephone
and in writing notice of any Incident, and provide
regular reports throughout the occurrence of any
Incident;

(u) permit access to the Title Holder’s books and
records, machinery and equipment, samples, office premises or operation sites (including vessels and installations) used in connection with the Seabed Mineral Activities for any Inspector or other NSRA nominated representative, for the purposes of reasonable on-site inspection.

(v) in the case of a Mining License and for any period during which Seabed Minerals are being mined, submit to the NSRA a periodic and no less than quarterly report adhering to any Prescribed requirements and providing information about the volume of work performed and quantity and quality of Seabed Minerals mined;

(w) submit to the NSRA within 30 days of the end of each calendar year a written annual report in a format to be Prescribed or described in the Title, which shall include:

(i) information on: the results of Seabed Mineral Activities, health and safety record, volume of work, quantity, and quality of Seabed identified (and where relevant, extracted), waste and waste disposal, rehabilitation activities,

(ii) a statement of expenditures, costs, and persons employed;

and in the case of a Mining License

(iii) estimate of remaining Seabed Mineral
deposit within the Title Area, and

(iv) a statement showing the amount of
royalty determined to be payable for each reporting
period together with all related information and
calculations, and receipt showing that the royalties
have been paid in accordance with the provisions of this
subtitle or any other applicable laws;

(x) provide the NSRA with all reasonable
information and assistance to enable the NSRA’s
verification of the Title Holder’s adherence to its
obligations in performing the Seabed Mineral Activities
and Ancillary Operations.”

Section 47. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by creating a
new chapter 5 subtitle II under entitled: “Prospecting Permits
within Federated States of Micronesia’s national jurisdiction”.

Section 48. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a new
section 501 under chapter 5 of subtitle II, to read as follows:

“Section 501. Prospecting within national jurisdiction.
Prospecting may be carried out within an area of the
Exclusive Economic Zone or upon the Continental Shelf
(or Territorial Sea and internal waters where such
responsibility has been delegated to NSRA by a State
under this subtitle) by any person holding a valid
Section 49. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 502 under chapter 5 of subtitle II, to read as follows:

"Section 502. Grant of a Prospecting Permit.
A Prospecting Permit may be granted by the NSRA upon satisfactory receipt of a properly made application for a Prospecting Permit in the required form and accompanied by the Prescribed fees."

Section 50. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 503 under chapter 5 of subtitle II, to read as follows:

"Section 503. Prospecting Permit Application.
For an application for a Prospecting Permit to have been properly made, for the purposes of section 502 of this subtitle, the application shall be made to the NSRA in writing at least six months before the proposed commencement date of the Prospecting, and shall contain:

(a) the cruise name(s) and number(s);
(b) the name, nationality, address and contact details, address and incorporation or registration papers of the Applicant and its collaborators and participants;
(c) the name, nationality, address, contact details and certificate of the requisite skills of the
officer in charge of the proposed Prospecting;

(d) the co-ordinates in accordance with the World Geodetic System WGS 84 and appropriate-scale charts of the geographical area or areas within which the proposed Prospecting is to be conducted;

(e) the proposed date of commencement and approximate duration of the activities; and the proposed dates and ports of the embarkation and disembarkation of cruises;

(f) a general description of the nature and objectives of the proposed Prospecting, including any plans to make the research results internationally available;

(g) details of the methods, technology, equipment, scientific instruments and any installations to be used, including as far as practicable:

(i) the locations and depths of any sampling stations or installations or equipment and the tracks of any survey lines, and their removal methods and proposed dates of removal,

(ii) the dates of planned entries and departures from the research area,

(iii) particulars of the vessel(s) and any underwater craft to be used, including type/class,
identification number, particulars of the crew and
evidence as to their certification against international
standards (e.g. SOLAS 74);

(h) insofar as possible at the time of the
Application, a preliminary assessment of likely impact
on the Environment of the proposed Prospecting,
including indication of:

(i) the nature and quantity of substances to
be released into the marine environment,

(ii) whether drilling will be carried out –
and if so provide details,

(iii) whether explosives will be used – and if
so provide details;

(i) the details of any intended ports of call,
any special logistical requirements and the details of
the relevant shipping agent (if available) at ports of
call within the Federated States of Micronesia;

(j) modalities of the participation of a
representative of the Federated States of Micronesia in
the Prospecting;

(k) the expected dates and method of submission
to the Federated States of Micronesia of a preliminary
report, a final report, and assessment of data, samples
and research results;

(l) the proposed means for the NSRA to access
data, samples and research results, and any proposed means to provide assistance in their assessment or interpretation;

(m) details of any other permits required (whether received or pending) for the proposed Prospecting;

(n) an undertaking that this subtitle and the national laws of the Federated States of Micronesia will be adhered to in conducting the proposed Prospecting;

(o) any such other matters as may be Prescribed, or that will assist NSRA take a decision whether or not to grant a Prospecting Permit.”

Section 51. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 504 under chapter 5 of subtitle II, to read as follows:

“Section 504. Prospecting Permit decision. The NSRA will provide the Applicant Prospector with:

(a) a decision to grant a Prospecting Permit;
(b) a decision to deny a Prospecting Permit; or
(c) a request for further information, within 60 days of satisfactory receipt of an Application or of additional information sought by the NSRA during the Application process.”

Section 52. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a
new section 505 under chapter 5 of subtitle II, to read as follows:

"Section 505. Denial of a Prospecting Permit.

The NSRA will not provide a Prospecting Permit where:

(a) information required under section 503 has not been supplied to the NSRA’s satisfaction;

(b) the past performance of the Applicant as a Title Holder, or equivalent in other jurisdictions, has been materially unsatisfactory to the NSRA’s knowledge;

(c) the area of the seabed Applied for is within the scope of a pre-existing and current Exploration or Mining License;

(d) the terms of the Permit would in the NSRA’s opinion likely to lead to the contravention by any person of conditions or restrictions placed on any Marine Reserve or a Protected Area or cause Serious Harm to the Environment, or human health or safety; or

(e) the NSRA is aware of other grounds that reasonably indicate that the grant of the Prospecting Permit would be contrary to public interest or contrary to the principles contained in section 204 of this subtitle."

Section 53. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 506 under chapter 5 of subtitle II, to read as follows:

"Section 506. Written statement of reasons for and
appeal from denial.

(1) A decision by the NSRA to deny an Application for a Prospecting Permit shall be accompanied by a written statement of the reasons for that denial.

(2) An Applicant Prospector who is dissatisfied with the NSRA’s denial decision may apply for a hearing or review of the decision pursuant to title 17 of the Code of the Federated States of Micronesia.”

Section 54. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 507 under chapter 5 of subtitle II, to read as follows:

“Section 507. Conditions of Prospecting Permit.

Subject to the provisions of this subtitle, the NSRA may grant a Prospecting Permit subject to whatever terms and conditions the NSRA deems appropriate or as may be prescribed.”

Section 55. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 508 under chapter 5 of subtitle II, to read as follows:

“Section 508. Rights and Obligations of Prospecting Permit.

Prospecting:

(a) does not entail any exclusive rights of access to the seabed or water column,

(b) does not permit extraction of Seabed Minerals
except in small-scale samples as detailed in the Application or Title, or as may otherwise be agreed by NSRA in writing prior to any such extraction;

(c) does not constitute the legal basis for any claim to any part of the Marine Environment or its resources;

(d) may be conducted simultaneously by more than one Prospector in the same area or areas;

(e) shall cease within a particular area upon written notice being given to the Prospector by the NSRA, which may be given where:

(i) a License or a declaration of a Marine Reserve or Protected Area has been or is about to be issued for that area, which prohibits Prospecting,

(ii) the Prospector breaches any material undertaking or requirement pertaining to the Prospecting Permit and fails to remedy the breach within one calendar month of being required to do so by an Enforcement Order,

(iii) the NSRA reasonably believes that the Prospector has caused, is causing, or poses a threat of, Serious Harm to the Environment or human life;

(f) does not entail any right to drill into the Continental Shelf, use explosives, or introduce harmful substances into the Marine Environment;
(g) does not give ownership or property rights to the Prospector over any Seabed Minerals acquired in the course of Prospecting, such Seabed Minerals remaining the property of the National Government of the Federated States of Micronesia."

Section 56. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by creating a new chapter 6 under subtitle II entitled: "Licensing of Seabed Mineral Activities within Federated States of Micronesia’s national jurisdiction".

Section 57. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 601 under chapter 6 of subtitle II, to read as follows:

"Section 601. Exploration and Mining within national jurisdiction.

Exploration and Mining may be carried out in an area of the Exclusive Economic Zone or upon the Micronesia’s Continental Shelf (or Territorial Sea and internal waters where such responsibility has been delegated to the NSRA under this subtitle) by any eligible person holding a valid License pertaining to that area, granted in accordance with this subtitle."

Section 58. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 602 under chapter 6 of subtitle II, to read as follows:
Section 602. Grant and Issue of Licenses.

(1) The NSRA may at any time receive unsolicited License Applications, or may from time to time invite, including by way of a public tender, Applications for a License to conduct Seabed Mineral Activities in any area released for that purpose under section 303 of this subtitle that is not presently subject to a Title or a pre-existing pending Application for grant of a Title.

(2) The persons who may apply for a Mining License are limited to:

(a) The Title Holder of a valid Exploration License, where the Application relates to the grant of a Mining License within that Exploration License Area,

(b) A person for whom an area has been retained under section 617 of this subtitle, where the Application is for a Mining License in one or more Seabed Mineral blocks of that retained area, or

(c) Any other person invited to apply in accordance with subsection (1) of this section.

(3) Upon Application to conduct Exploration or Mining in an area of the Exclusive Economic Zone or upon the Continental Shelf (or within Territorial Sea and internal waters where such responsibility has been delegated to NSRA by State under this subtitle), subject to the provisions of this subtitle, and following such
format, processes, criteria and payments as may further be prescribed, the NSRA may take a decision:

(a) to grant to an Applicant:

(i) an Exploration License, or
(ii) a Mining License;

(b) or not to grant any License, with respect to the whole or any part of the blocks or cells that are the subject of the Application.

(4) A License will give the Licensee rights to conduct the specified Exploration or Mining activities within the License area, and the Ancillary Operations necessary for the performance of those Seabed Mineral Activities.”

Section 59. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 603 under chapter 6 of subtitle II, to read as follows:

“Section 603. Eligibility to Hold a License.

Only a body corporate registered in the Federated States of Micronesia shall be eligible to hold a License.”

Section 60. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 604 of chapter 6, to read as follows:

“Section 604. Content of an Application for a License.

Applications for a License shall contain:

(1) Information about the Applicant:

(a) Name of Applicant
(b) Evidence of registration as a body corporate in the Federated States of Micronesia

(c) Registered address, and street and postal (if different) address of the principal place of business

(d) Telephone number, facsimile number, and email address

(e) Nature of business

(f) Details of directors and ownership

(g) The key positions in charge of the proposed Seabed Mineral Activities, and the name, nationality, contact details and brief curriculum vitae details of the personnel who will fill each key position, where known

(h) Brief particulars of the previous experience of the Applicant in Seabed Mineral Activities

(i) The credit rating of the Applicant

(j) Evidence as to whether the Applicant is a ‘fit and proper person’ subtitle to hold a License within the meaning given by section 605 of this;

(2) Clear delineation of the License Area that:

(a) adheres to any Prescribed requirements or guidance issued by the NSRA with regards to size, location and shape,

(b) includes the coordinates of the proposed Exploration area (in accordance with the World Geodetic
(c) includes a graticulated explanation and appropriate-scale chart of the location and boundaries of the proposed Permit Area with reference to the NSRA’s cadastral map and system of blocks, and

(d) specifies the total size of the proposed License Area;

(3) A description of the type or types of minerals sought;

(4) A plan of work, covering the life of the proposed Seabed Mineral Activities, and including:

(a) cruise name(s) and number(s),

(b) particulars of the vessel(s) and any underwater craft to be used, including type/class, details of owner and operator, nationality (flag State), identification number, particulars of the crew, and evidence as to their certification against international standards (e.g. SOLAS 74),

(c) Scope of the proposed Seabed Mineral Activities, including

(i) the locations, size, and depths of any sampling or extraction sites, stations or installations or equipment, and the tracks of any survey lines,

(ii) a time schedule for the Proposed Seabed Mineral Activities, and the dates of planned entries and
departures from the License Area,

(iii) the proposed date of commencement and approximate duration of the Seabed Mineral Activities; and the proposed dates and ports of embarkation and disembarkation, and

(iv) estimated annual expenditures;

(d) a description of the proposed Seabed Mineral Activities, including details of any proposed:

(i) sampling of Seabed Mineral Deposits or ore, and estimated volumes to be extracted,

(ii) testing or operation of shipboard processing systems,

(iii) testing or use of mining systems, and estimated volumes to be mined,

(iv) release of substances into the Marine Environment,

(v) drilling into the seafloor or substrate,

(vi) use of explosives,

(vii) methods, technology, equipment, scientific instruments, processes and installations to be used, and

(viii) details of any intended ports of call within the Federated States of Micronesia, any special logistical requirements at those ports of call and the details of the relevant shipping agent, if available;
(5) A financing plan for the Seabed Minerals Activities, including insofar as possible:

(a) a forecast of: capital investment, operating costs, sale revenues,

(b) the anticipated type and source of financing, and

(c) copies of the Applicant’s financial statements for the preceding three financial years, audited in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants; or if the Applicant is a newly organized entity, a pro forma balance sheet certified by the Chair of the Board of the Applicant;

(6) A summary of any feasibility or other studies previously conducted by the Applicant, or other party, upon which the Applicant is relying in relation to the potential of the proposed Permit area;

(7) A preliminary assessment of the possible impact on the Environment of the proposed Seabed Mineral Activities, insofar as possible on data held at the time of Application;

(8) A proposal for oceanographic and environmental baseline studies, in accordance with any Prescribed rules, to be used to measure the impact of the proposed Seabed Mineral Activities, and any future Seabed Mineral
Activities taking place under a future License in the same area;

(9) An environmental management plan, covering:
   (a) risk assessment and mitigation strategies for the protection of the Environment and prevention of pollution,
   (b) measures for the protection and conservation of biological diversity,
   (c) measures to avoid or minimize air emissions that could contribute to climate change,
   (d) measures to minimize the dumping of waste or other materials into the Marine environment, and
   (e) any decommissioning or site rehabilitation plans;

(10) The proposed use of the data collected, including any plans to make any data internationally available;

(11) The expected dates and method of submission to the NSRA of annual and other reports required under the, and the proposed means for the Federated States of Micronesia to access data, samples and research results, and any proposed means to provide assistance in its assessment or interpretation;

(12) A list of employees required to operate the Seabed Mineral Activities and an employment strategy for local workers;
(13) A capacity-building program providing for the training of personnel of the Federated States of Micronesia and their participation in matters pertaining to the proposed Seabed Mineral Activities;

(14) A report of the goods and services anticipated to be required by the Applicant for the proposed Seabed Mineral Activities, identifying insofar as possible, which can be obtained within the Federated States of Micronesia, and the Applicant’s intention thereto;

(15) A public engagement and information plan;

(16) Details as to the Applicant’s technical and financial capacity, any relevant insurance, and any emergency response plan, for responding to any Incidents;

(17) Details as to the Applicant’s occupational health and safety plan and track record;

(18) In the case of an Application for Exploration, that the Applicant is aware of, and commits to adhere to, prescribed requirements for minimum expenditure, and License Area relinquishment;

(19) In the case of an Application for Mining:

    (a) whether the Applicant can recover Seabed Minerals in sufficient quantities to satisfy the Applicant’s estimated production requirements over the License term in an efficient and economical manner (with
due regard for conservation and protection of the Marine Environment),

(b) financial analyses, with comments on the financial viability of seabed mining, including expected capital investments, market analysis for the target Seabed Minerals, estimated rate of return on investment and cash flow for the Seabed Mineral Activities, operational (including staffing) costs, and compliance costs,

(c) the Applicant’s proposals concerning the disposal of tailings, waste rock and water, and any other waste arising from the Seabed Mineral Activities and Ancillary Operations, including any toxic substances,

(d) analysis of best available technology and best industry and environmental practice for the proposed Seabed Mineral Activities and the alternative technologies and methods considered, the Applicant’s regime for the testing and evaluation of such technology and methods, and justification of the technology and methods selected, including a discussion of the relative costs and benefits of the technologies and methods considered, and

(e) brief particulars of interest in and access to refining and marketing facilities for the Seabed
Minerals recovered under the License;

(20) Details of any other permits required (whether received or pending) for the proposed Seabed Mineral Activities;

(21) The proposed start and end date of the License;

(22) The Application fee required by section 901 of this subtitle (or proof of payment of the Application fee);

(23) A statement as to any incompatibility or substantial impracticality between the Applicant's proposed Seabed Mineral Activities and the requirements of the laws of the Federated States of Micronesia, or the terms that would apply to the Applicant under the proposed License;

(24) An undertaking that:

(a) the content of the Application is true and accurate to the best of the Applicant’s belief,

(b) the License and the laws of the Federated States of Micronesia will be adhered to in conducting the Seabed Mineral Activities,

(c) the Applicant has, or will have at the commencement of the proposed Seabed Mineral Activities if the License is issued, sufficient financial and technical resources and capability to-

(i) properly perform the Seabed Mineral
Activities that are the subject of the Application; and
(ii) respond to any incident or activity that causes Serious Harm to the Marine Environment, including having sufficient funding or insurance to cover the costs of any potential liability arising from accidents or pollution occurring as a result of the Seabed Mineral Activities and Ancillary Operations;

(25) Any further matters that are Prescribed by Regulations; and

(26) Any additional information:
   (a) to demonstrate that the Applicant is technically capable of carrying out the proposed Seabed Mineral Activities in compliance with License operational obligations and standards,
   (b) to demonstrate that the Applicant is capable of committing or raising sufficient resources to cover the estimated costs of the Seabed Mineral Activities, and of fulfilling its financial obligations under a License, or
   (c) that will otherwise assist NSRA take a decision whether or not to grant a License.”

Section 61. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 605 under chapter 6 of subtitle II, to read as follows:

“Section 605. Fit and Proper Person.
(1) For the purpose of determining whether the Applicant is a fit and proper person under this section, the NSRA must take into account (but is not limited to only considering) whether the Applicant (including each director, trustee, executive officer, secretary, Affiliate or any other person associated or connected with the ownership, administration or management of the Applicant’s business) has previously:

(a) been found on reasonable evidence to have breached a term or condition of an approval (however labeled) to conduct Seabed Mineral Activities or similar sea or land based activities, which related to the protection or rehabilitation of the environment or the safeguarding of the interests of the local community;

(b) been convicted of an offense pertaining to the conduct of Seabed Mineral Activities or similar sea or land based activities; or

(c) been convicted of an offense involving fraud or dishonesty.

(2) The NSRA must not consider an Applicant to be a fit and proper person if it is currently insolvent or under administration.”

Section 62. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 606 under chapter 6 of subtitle II, to read as follows:
“Section 606. Evaluation of License Applications

(1) In evaluating a License Application the NSRA may take into account

(a) the information in the Application;

(b) any additional information requested by the

NSRA in order to assist consideration of the

Application;

(c) any relevant information in the public domain

or otherwise in the records of the National Government

of the Federated States of Micronesia; and

(d) any advice obtained from government

departments.

(2) The NSRA shall evaluate an Application against the

Qualification criteria, which include:

(a) that the Applicant has a registered office in

the Federated States of Micronesia, and has met the ‘fit

and proper person’ test

(b) The Applicant’s financial capabilities to

cover the costs of

   (i) the Seabed Mineral Activities, and

   (ii) responding to any Incident, and any

   clean-up, damages or other liability that may arise;

(c) The Applicant’s operational and technical

capacity;

(d) In the case of an Application for an
Exploration License, whether the Applicant's proposed work plan is reasonably likely to enable the Applicant by the end of the License period, to apply for a Mining License;

(e) Size and location of License Area, and the Applicant’s environmental management plan, and capabilities to carry out that plan;

(f) The legality of the proposed Seabed Mineral Activities and Ancillary Operations, and whether safety at sea, legitimate other sea uses, and international peace and security are likely to be appropriately safeguarded;

(g) Public interest and overall benefit and risk assessment; and

(h) Any other criteria as may be Prescribed.

(3) In considering the subsection (2)(g) criterion, NSRA will take into account the extent to which the proposed Seabed Mineral Activities are likely to:

(a) Create opportunities for employment, training and capacity building of the citizens of the Federated States of Micronesia,

(b) Contribute positively to the Federated States of Micronesia’s sustainable economic development;

(c) Have an adverse impact on existing economic activity, and the well-being of individuals and
communities, of the Federated States of Micronesia; and

(d) Lead to anti-competitive practices.”

Section 62. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 607 under chapter 6 of subtitle II, to read as follows:

“Section 607. Restrictions on issue of Licenses.
The NSRA shall not issue a License where to do so:

(a) would give Exploration or Mining rights over an area already included within the scope of any existing License valid for any of the same time period – save for the situation where an Exploration Licensee applies for a Mining License for an area within the Licensee’s existing Exploration License Area, or that has been retained by the NSRA under section 617 of this subtitle;

(b) would be likely to lead to any person contravening a declaration of a Marine Area or Protected Area; or

(c) would grant Mining rights over an area or part of an area over which an Exploration License has been valid within the preceding three years, unless:

(i) the Mining Applicant is the same person who held the Exploration License pertaining to that area; or

(ii) the Mining Application is accompanied by
the consent of the person who held that preceding Exploration License.”

Section 63. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 608 under chapter 6 of subtitle II, to read as follows:

"Section 608. Issue of more than one License.
Nothing in this subtitle shall prevent more than one License being issued to the same person."

Section 64. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 609 under chapter 6 of subtitle II, to read as follows:

"Section 609. License Decision-Making: neighboring nations
The NSRA, upon satisfactory receipt of an Application for an Exploration or Mining License, shall before taking a decision under section 602 of this subtitle provide:

(a) timely and appropriately comprehensive information about the Application to any neighboring nation who may be adversely affected by the proposed Seabed Mineral Activities contained within that Application; and

(b) an opportunity for that nation to provide information that will be taken into account by the NSRA in making a decision under section 602 of this subtitle"
in relation to that Application.”

Section 65. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 610 under chapter 6 of subtitle II, to read as follows:


The NSRA, upon satisfactory receipt of an Application for a Mining License (or any Application proposing Seabed Mineral Activities within the Territorial Sea or internal waters where such responsibility has been delegated to NSRA by State under this subtitle), shall before making a decision under section 602 of this subtitle provide:

(a) timely and appropriately comprehensive information about the Application during consultations with the public and the relevant stakeholders; and

(b) an opportunity for the members of the public or interest groups representing the public to provide information that will be taken into account by the NSRA in making a decision under section 602 of this subtitle in relation to the Application.”

Section 66. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 611 under chapter 6 of subtitle II, to read as follows:

“Section 611. License Decision-Making: General
The NSRA -

(1) shall deal with License Applications promptly, in accordance with Prescribed procedures and within Prescribed time limits;

(2) may request further information from a License Applicant, or require the Applicant to perform a test or demonstration, before making a decision under section 602 or any other section of this subtitle and may return a License Application without a decision if the Applicant fails properly to comply with a request under this subsection; and

(3) in making any decision under section 602 of this subtitle shall:

(i) adhere to its objective, functions, and duties as provided for in sections 202, 203 and 204, respectively; and

(ii) take into account the Qualification Criteria in relation to the Applicant.”

Section 67. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 612 under chapter 6 of subtitle II, to read as follows:

“Section 612. License Decision-Making: Written statement of reasons

Within thirty days of a decision having been made by the NSRA under section 602 of this subtitle:
(1) where the decision is to grant a License, a
written statement of reasons will be promulgated by the
NSRA; and
(2) where the decision is not to grant a License, a
written statement of reasons will be provided to the
Applicant by the NSRA."

Section 68. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 613 under chapter 6 of subtitle II, to read as follows:
“Section 613. Appeal against License decision.
(1) An Applicant who is dissatisfied with a decision
by the NSRA on a License Application may apply for a
hearing or a review of the decision pursuant to title 17
of the Code of the Federated States of Micronesia.
(2) Any other interested party with legal standing who
is dissatisfied with a decision by the NSRA on a License
Application may appeal the decision as provided in
subsection (1) above.”

Section 69. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 614 under chapter 6 of subtitle II, to read as follows:
“Section 614. Duration of License Term. A License may
be issued for such period as may be agreed between the
NSRA and the Applicant provided the duration is no more
than fifteen years, which term may be renewed upon
expiry in accordance with this subtitle.”

Section 70. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 614 of chapter 6, to read as follows:

“Section 614. Terms of License

When a decision has been made under section 602 of this subtitle to issue a License:

(a) the NSRA will in pursuance with Prescribed procedures provide the Licensee with a draft License based on:

(i) the requirements of this subtitle and the Regulations,

(ii) the Prescribed format, and

(iii) the content of the Application, for the Licensee to check and confirm its ability and willingness to be bound by its terms, before it is formally issued by the NSRA;

(b) the License shall be signed by the Secretary and granted on the terms and conditions Prescribed and any additional terms as may be agreed between the NSRA and the Applicant provided these do not conflict with this subtitle and the Prescribed terms;

(c) the License will specify the Seabed Minerals in respect of which it is granted;

(d) each License will include a detailed approved
Exploration or Mining work plan in the Prescribed format, including time schedules, and specified annual expenditure requirements; and

(e) where not already required by this subtitle or other laws of the Federated States of Micronesia, the License may also require an Environmental and Social Impact Assessment or other studies to be conducted and reported upon by the Licensee before particular Seabed Mineral Activities can commence.”

Section 71. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 616 under chapter 6 of subtitle II, to read as follows:

“Section 616. Exclusivity of License and Security of Tenure

(1) A License will, in consideration of:

(a) payments required by this subtitle, Regulations and the License; and

(b) the performance and observance by the Licensee of all the terms and conditions provided by this subtitle, Regulations, and the License, grant to the Licensee during the validity period of the License, exclusive rights to conduct Seabed Mineral Activities with regards to the specified Seabed Minerals of the License Area and to conduct Ancillary Operations, in accordance with the agreed work plan contained in the
(2) The NSRA will not vary, suspend, or revoke any License except in accordance with this subtitle.

(3) A License may be renewed for successive periods by the NSRA in accordance with this subtitle."

Section 72. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 617 under chapter 6 of subtitle II, to read as follows:

"Section 617. Right of Retention arising from Exploration License

(1) Where the NSRA has issued an Exploration License

(a) the NSRA will not issue an Mining License in respect of any part of the License Area within three years of the end of the term of the Exploration License, except in accordance with section 607(c) of this subtitle; and

(b) within three years of the end of the term of the Exploration License, the Licensee may request that the NSRA retain nominated blocks from the Exploration License Area for future exclusive Mining by the Licensee.

(2) The NSRA may determine to retain an area nominated by a Licensee under subsection (1)(b) for future exclusive Mining by the Licensee for a renewable period of not more than five years, subject to the Licensee
continuing to demonstrate to the NSRA’s satisfaction that:

(a) the Licensee is taking diligent steps towards making an Application for a Mining License in respect of the retained area; or

(b) there are good grounds for the Licensee not presently applying for a Mining License in respect of the area, including (without limitation) on the basis of the state of technology for the relevant Mining activities and the market for the Seabed Minerals in the retained area.

(3) The NSRA may at its discretion determine the length of time for which an area may be retained under this section for future Mining by a Licensee, provided it is for no longer than five years.

(4) there is no limit to the number of times that the NSRA may make such a determination to retain an area, subject to the NSRA holding the requisite satisfaction.

(5) If the NSRA makes a determination under subsection (1)(b) to retain an area for future Mining by a Licensee, the NSRA shall:

(a) not consider an Application from any other person to conduct Seabed Mineral Activities in the retained area during the time period determined under subsection (3);
(b) notify the Licensee of such terms and conditions of the determination, not inconsistent with this subtitle and Regulations, as the NSRA considers fit, which may include the payment of a retention fee in accordance with section 901 of this subtitle; and

(c) within thirty days of the determination publish the retention by notice.

(5) If the NSRA is not satisfied for the purpose of subsection (2)(a) or (b) in respect of some or all of a retained area, the NSRA may determine that the area is no longer retained, any so such area may form the subject of a new Application.”

Section 73. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 618 under chapter 6 of subtitle II, to read as follows:

“Section 618. Exploration License may require relinquishment of License Area
The NSRA may require the Exploration Licensee to relinquish a percentage or portions of the License area over a set time period in accordance with a requirement and schedule to be Prescribed or set by the NSRA in the License.”

Section 74. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 619 under chapter 6 of subtitle II, to read as follows:
“Section 619. Seabed Minerals recovered under Exploration License.

(1) Any core or sample or other quantity of Seabed Minerals acquired by the Licensee in the course of undertaking Seabed Mineral Activities and Ancillary Operations under an Exploration License shall remain the property of the National Government of the Federated States of Micronesia (or in the case of Seabed Minerals extracted from within the Territorial Sea or internal waters, the relevant State Government) and shall not be disposed of or removed from the Federated States of Micronesia, except:

(a) for the purposes of assay, identification, analysis, or storage, or

(b) with the consent of the NSRA, who may grant consent subject to such conditions as the NSRA may deem fit to impose.

(2) Where cores or other samples of Seabed Minerals are acquired by the Licensee, a record sufficient for the identification of the core or sample and the location of its origin shall be maintained by the Licensee, and the samples shall be made accessible to the NSRA, upon request.

(3) Any person who does not comply with subsection (1) commits an offense.
(4) Any person guilty of an offense under this section shall be liable to a fine not exceeding one hundred thousand dollars ($100,000)."

Section 75. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 620 under chapter 6 of subtitle II, to read as follows:


1. Licensee may commence the Licensed Seabed Mineral Activities only upon entry of its Title in the register of Titles, and upon providing the NSRA with evidence of:
   
   (a) Written notice from the Office of Environment and Emergency Management of its endorsement of the environmental management and impact mitigation plan, and approval to commencement of the Seabed Mineral Activities under section 623(3) of this subtitle; and
   
   (b) A bank statement indicating that the Title Holder has appropriate financial resources, security deposit or monetary guarantee, in accordance with the provisions of this subtitle.

2. A Mining Licensee may also be required as a term of the License to provide financial security under section 903 of this subtitle to guarantee its compliance with its environmental management and mitigation plan and other environmental and social obligations under
this subtitle, as a condition for commencing Mining.”

Section 76. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 621 under chapter 6 of subtitle II, to read as follows:

“Section 621. Mining License gives Licensee rights to the Seabed Minerals recovered

When Seabed Minerals are recovered by a Mining Licensee from the License area in accordance with the terms of the License:

(a) the Licensee shall acquire title to, and property rights over, those Seabed Minerals at the point of extraction;

(b) this includes the right to market, process, sell and export the Seabed Minerals and subject to this subtitle to freely expend the sale proceeds; and

(c) those Seabed Minerals are not subject to the rights of any other person.”

Section 77. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 622 under chapter 6 of subtitle II, to read as follows:

“Section 622. Diligent Mining

(1) Once mining of Seabed Minerals has commenced under a Mining License, the Licensee shall, within reasonable limits and taking into consideration all relevant factors, continue mining throughout the period of the
License.

(2) Notwithstanding subsection (1), the NSRA may at the Licensee’s request under section 628 of this subtitle, and upon demonstration to the NSRA’s satisfaction that there is good cause to do so, authorize temporary suspension of Mining.”

Section 78. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 623 under chapter 6 of subtitle II to read as follows:

“Section 623. Environmental and Social Impact Assessment

(1) An Environmental and Social Impact Assessment:

(a) shall not be required under this subtitle prior to a Prospector or Licensee commencing the following activities, unless the NSRA advises otherwise in accordance with subsection (1)(c):

(i) Gravity and magnetometric observations and measurements;

(ii) Bottom and sub-bottom acoustic or electromagnetic profiling of resistivity, multi-beam bathymetric mapping, self-potential or induced polarization, or imaging without the use of explosives or frequencies known to significantly affect marine life;

(iii) Water, biotic, sediment, and rock
sampling for environmental baseline study including:

(A) Sampling of small quantities of water, sediment and biota (e.g. from remotely-operated vehicles);

(B) Mineral and rock sampling of a small-scale and limited nature. For the purposes of this subsection (B) 'small-scale and limited' means:

(a) core samples of up to 10 meters,

(b) for Seabed Mineral deposits that are seafloor massive sulphides, grab, or bucket samples of up to 2 square meters, or

(c) for other Seabed Mineral deposits, grab, dredge or bucket samples covering, in total, no more than 10,000 square meters of the seabed.

(C) Sediment sampling by box corer and small diameter corer;

(iv) Meteorological observations and measurements;

(v) Oceanographic and hydrographic observations and measurements;

(vi) Video/film and still photographic observations and measurements;

(vii) Shipboard mineral assaying and analysis;

(viii) Positioning systems;

(ix) Towed plume-sensor measurements;
(x) In situ faunal metabolic measurements;

(xi) DNA screening of biological samples; and

(xii) Dye release or tracer studies unless
required under national or international laws governing
the activities of flagged vessels.

(b) shall be required under this subtitle for any
Mining licensed under this subtitle;

(c) shall be required for any aspect of Seabed
Mineral Activities or Ancillary Operations, including
bulk-sampling or test-mining and equipment-testing,
where it appears to the Licensee, NSRA or the Office of
Environment and Emergency Management that the nature or
degree of that activity, and/or particular sensitivity
of the site, is such that it is likely to result in
Serious Harm to the Environment; and

(d) shall not be required for any activity not
covered by subsections 1 (a), (b) or (c) upon the
Licensee obtaining written notice from the Office of
Environment and Emergency Management that is satisfied
on the information before it that the activity may
proceed without prior Environmental and Social Impact
Assessment.

(2) Where an Environmental and Social Impact
Assessment is required for Seabed Mineral Activities
under this subtitle or any other law of the Federated
States of Micronesia, this must at a minimum contain the matters described in Schedule 1 to this subtitle.

(3) No Seabed Mineral Activities requiring an Environmental and Social Impact Assessment under this section may be commenced until the Environmental and Social Impact Assessment and any subsequent amendments to the environmental management and impact mitigation plan, work plan, or License terms have been completed to the satisfaction of the Office of Environment and Emergency Management, as shall be evidenced by written notice from the Office of Environment and Emergency Management, specifying prior approval to the commencement of the activities in question.

(4) Further procedures and requirement for an Environmental and Social Impact Assessment for Seabed Mineral Activities as may be Prescribed.”

Section 79. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 624 under chapter 6 of subtitle II, to read as follows:

“Section 624. Liability of Licensee.

(1) The Licensee is responsible for the Seabed Mineral Activities and Ancillary Operations carried out within its License area, and their compliance with this subtitle, Regulations, and the License.

(2) The Licensee shall at all times keep the Federated States...
States of Micronesia indemnified against all actions, proceedings, costs, charges, claims and demands which may be made or brought by any third party in relation to its Seabed Mineral Activities, and will be liable for the actual amount of any compensation or damage arising out of its failure to comply with this subtitle, Regulations, or the License, and any wrongful acts or omissions and those of its employees, officers, subcontractors, and agents in the conduct of the Seabed Mineral Activities or Ancillary Operations under License, including but not limited to that arising from injury to coastal or marine users, damage to the Environment, and any related economic loss or compensation.

(3) Any obligations which are to be observed and performed by the Licensee shall at any time at which the Licensee is more than one person be joint and several obligations.

(4) The Licensee shall remain liable for damage resulting from its Seabed Minerals Activities notwithstanding that its Title may have been terminated or suspended."

Section 80. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 625 under chapter 6 of subtitle II, to read as follows:
"Section 625. Part of License Area outside of national jurisdiction.

If part of the License area includes or purports to include an area that is outside of the national jurisdiction of the Federated States of Micronesia, or an area that comprises or is within a Protected Area or a Marine Reserve, (or an area within the Territorial Sea where such responsibility has not been delegated to NSRA by State under this subtitle), then the License remains valid, but does not authorize Seabed Mineral Activities to be carried out within that part until further consultations and conditions are met."

Section 81. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 626 under chapter 6 of subtitle, to read as follows:

"Section 626. Renewal of License.

(1) A Licensee can apply to the NSRA for that License to be renewed for successive periods of up to five years each.

(2) The NSRA will grant such a renewal provided the application to renew is received at least ninety days before the expiry date of the initial term of the Title, and the Title Holder continues to meet the Qualification Criteria and has met its obligations under the subsisting Title."
(3) If a renewal is granted after the expiry date of the initial term of the Title, the Title is deemed to have continued in force during the period between that expiry date and the date the renewal is granted.

(4) If a renewal is to be refused, the NSRA will follow the processes contained in section 628(2) of this subtitle.

(5) If the renewal relates to a Mining License, prior written approval from the Office of Environment and Emergency Management must be obtained for any renewal to be valid."

Section 82. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 627 under chapter 6 of subtitle II, to read as follows:

"Section 627. Review of Licenses.

(1) A joint review of each License work plan, anticipated annual expenditure, and time schedule by the NSRA:

(a) will be performed after completion of any Environmental and Social Impact Assessment conducted after the date of issue of the License; and

(b) may be performed periodically at the request of the Licensee or the NSRA upon material new information coming to the attention of the Licensee or the NSRA."
(2) The Licensee may be required to submit additional data for the purposes of such a review.

(3) The review shall be conducted in accordance with any Prescribed procedures, or procedures provided by the License, and will consider whether any changes are required to the License terms or work plan.

(4) The NSRA’s prior consent to any amendment to the work plan or License must be confirmed in writing.

(5) The NSRA may consult with the Office of Environment and Emergency Management, before giving consent to the variation of a term of a Mining License in a material particular."

Section 83. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 628 under chapter 6 of subtitle II, to read as follows:

"Section 628. Variation, suspension, or revocation of a License

(1) The NSRA may vary, suspend, or revoke any License under this section:

(a) where any of the Qualification Criteria ceases to be met by the Licensee in a material particular;

(b) if a security deposit required under section 903 of this subtitle is not deposited in accordance with this subtitle;"
(c) where the variation or revocation is in the opinion of the NSRA necessary to

(i) prevent serious risk to:

(a) the safety, health or welfare of any person,
or

(b) the Environment;

(i) avoid a conflict with any obligation of the Federated States of Micronesia arising out of any international agreement or instrument in force for the Federated States of Micronesia; or

(ii) avoid any situation which may reasonably be expected to lead to a breach of international or domestic peace and security;

(d) in any case, with the consent of the Licensee;

(e) in order to secure compliance by the Licensee with the Licensee’s obligations and undertakings under this subtitle, the Regulations, and the License;

(f) if the Licensee has failed to comply with a final judgment of a court or binding decision of a dispute settlement body applicable to it;

(g) upon the bankruptcy, insolvency, or receivership of the Licensee, or upon the Licensee ceasing to exist as a legal entity;

(h) upon consultation with the Licensee, where
the Licensee is prevented for a continuous period exceeding two years from undertaking the Licensed Seabed Mineral Activities under the License despite taking all reasonable measures to do so, because of an event outside of the Licensee’s control;

(i) where no material efforts have been made by the Licensee to undertake the Licensed Seabed Mineral Activities for a period exceeding two years;

(j) where there has been a serious, persistent or willful breach by the Licensee of:

(i) a material undertaking or term or condition of the License,

(ii) the provisions of this subtitle or Regulations or other laws of the Federated States of Micronesia,

(iii) conditions imposed under the Environment Law, or

(iv) requirement of an Order made under this subtitle;

and such breach either cannot be remedied or has not been remedied upon the giving of reasonable notice by the NSRA;

(k) where the relevant Seabed Mineral Activities in the reasonable view of the NSRA constitute an unacceptable risk to the Federated States of Micronesia.
or are clearly no longer in the public interest.

(1) where any payment owing under section 901 of this subtitle, or any part of this subtitle, is in arrears or unpaid for six months following the day on which it ought to have been paid; or

(m) upon transfer, mortgage, lease of a Title, or significant change in the constitution, ownership or control of the Title Holder, without the NSRA’s prior approval.

(2) Before making a decision under this section the NSRA, shall unless the decision is made on the exact terms of a request by the Licensee, give to the Licensee at least ninety days written notice of the NSRA’s intention to make the decision, setting out details of that proposed decision and the reasons for it, and inviting a person to whom the notice or a copy of the notice has been given, and who objects to it, to make a written submission to the NSRA about the proposal within a specified timeframe.

(3) Except in the case of a variation to the work plan of the type envisaged in subsection (7), where the License in question underwent a public consultation procedure in accordance with this subtitle, NSRA shall give a copy of the section 628(8) notice to such persons as it thinks fit and publish a summary of the notice.
(4) If the NSRA has suspended a License, it may by notice require the Licensee to resume its activities and comply with the terms and conditions of the License, not later than 90 days after such notice.

(5) In lieu of variation, suspension or revocation under subsections (1)(a), (b), (c), (e), (f), (i), (j), and (l), the NSRA may take any of the administrative actions provided for in section 218 of this subtitle, or impose upon the Licensee monetary penalties proportionate to the seriousness of the violation and in any case not exceeding ten thousand dollars ($10,000), which amount excludes any compensation payable for damage or harm.

(6) The NSRA shall not execute a decision involving monetary penalties under subsection (5) until the Licensee has been accorded a reasonable opportunity to exhaust the judicial remedies available to it under the laws of the Federated States of Micronesia.

(7) A variation of a detail of the License work plan that in the NSRA’s view is minor and/or requires expeditious action to meet the objectives of this subtitle, and which does not require variation of a term of the License, can be effected by written notice to the Licensee from the NSRA.

(8) Upon effecting a variation of a term of the
License, the NSRA shall:

(a) prepare an instrument of variation signed by the Secretary and the designated representative of the Licensee;

(b) register the variation to that License in the register of Titles, maintained by the NSRA under section 306 of this subtitle;

(c) issue to the Licensee a copy of that instrument of variation; and

(d) publish notice of the variation.”

Section 84. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 629 under chapter 6 of subtitle II, to read as follows:

“Section 629. Surrender of a License.
Subject to payment of outstanding sums payable in accordance with section 901 of this subtitle and without prejudice to any obligation or liability imposed by this subtitle or Regulations, or incurred under any term or condition contained in the License, the Licensee may at any time surrender the License without penalty by giving to the NSRA not less than six months’ prior notice in writing to that effect.”

Section 85. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 630 under chapter 6 of subtitle II, to read as follows:
“Section 630. Ongoing liability of a Licensee

Upon a revocation of a License by the NSRA, or surrender of the License by the Licensee, all rights granted shall cease and determine, but the Licensee will remain subject to any ongoing obligation or liability incurred by the Licensee as a result of Seabed Mineral Activities or Ancillary Operations already conducted, or otherwise by reason of having entered into the License, including requirements to submit reports and to make payments to the NSRA for the period during which Seabed Mineral Activities were conducted.”

Section 86. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 631 under chapter 6 of subtitle II, to read as follows:

“Section 631. Extension of Exploration License while Mining License Application under consideration

If an Application for a Mining License is made by an Exploration Licensee for the same License area, the Exploration License is deemed to have continued in force until the time at which the Applicant receives a final decision on the Mining License Application.”

Section 87. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 632 under chapter 6 of subtitle II, to read as follows:

(1) The NSRA may enter into written agreements with a Licensee at any time to establish additional terms and conditions as to the arrangements for Exploration or Mining, including but not limited to:

(a) the circumstances or the manner in which the NSRA shall exercise any discretion conferred by this subtitle;

(b) the settlement of disputes arising out of or relating to the License or the administration of this subtitle, including provisions relating to the settlement of any such dispute by international arbitration; and

(c) the acquisition by the National Government of the Federated States of Micronesia either directly or indirectly of a participating interest in the project subject to the Mining development agreement, provided, that, the terms of such an agreement are not inconsistent with this subtitle or Regulations, and do not or are not likely to lead to a contravention by the Federated States of Micronesia of the Licensee of the laws of the Federated States of Micronesia or the international law obligations of the Federated States of Micronesia; and

(2) Nothing in subsection (1) shall be read or construed as authorizing the NSRA to enter in a special
agreement relating to the payment of any applicable tax, duty, fee or other fiscal impost, or to grant in respect thereof any exemption, moratorium, tax holiday, or other indulgence howsoever described.”

Section 88. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by creating a new chapter 7 under subtitle II entitled: “Sponsorship of Seabed Mineral Activities in the Area”.

Section 89. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 701 under chapter 7 of subtitle II to read as follows:

“Section 701. The NSRA may contract for Seabed Mineral Activities in the Area.

The NSRA may, upon consultation with the relevant stakeholders:

(a) On behalf of the Federated States of Micronesia, submit applications to the ISA for the approval of plans of work for Seabed Mineral Activities in the Area and enter into contracts with the ISA to conduct those plans of work;

(b) Enter into sub-contracts with third party sub-contractors for the delivery of services pertaining to the performance of Seabed Mineral Activities in the Area, provided:

(i) the sub-contractor meets such of the
Sponsorship Qualification Criteria as are relevant in the circumstances;

(ii) the sub-contract follows any Prescribed terms and otherwise or additionally contains terms to ensure the sub-contractor will, insofar as is relevant in the circumstances, be held to duties, undertakings, guarantees, indemnities, and other requirements that are no less comprehensive and stringent than those required of a Sponsored Party under this subtitle and any Regulations;

(iii) the Secretary of Finance and Administration endorses that he or she is satisfied that the terms of the sub-contract are sufficiently likely to lead to sufficient benefit to the Federated States of Micronesia, to outweigh the likelihood and quantum of any associated costs or risks;

(iv) the sub-contract can be suspended, varied, revoked or otherwise terminated on the same ground as those provided for a Sponsorship Certificate, insofar as is relevant in the circumstances, under chapter 8 of this subtitle; and

(v) the NSRA monitors the sub-contractor’s conduct and takes any such steps as are required to secure compliance with the terms of the sub-contract.”
Micronesia, as amended, is hereby further amended by inserting a new section 702 under chapter 7 of subtitle II, to read as follows:

"Section 702. Entry into Sponsorship of Seabed Mineral Activities in the Area.

(1) The NSRA may on behalf of the Federated States of Micronesia sponsor another party, by way of a Sponsorship Certificate issued under this subtitle, to conduct Seabed Mineral Activities in the Area under contract with the ISA.

(2) The NSRA may in any manner it sees fit invite sponsorship Applications, or entertain discussions, with sponsorship Applicants or potential sponsorship Applicants.

(3) To be eligible to perform Seabed Mineral Activities under the Federated States of Micronesia’s sponsorship, a Sponsored Party must first:

(a) obtain a valid Sponsorship Certificate from the NSRA, and

(b) enter into a valid contract with the ISA, pertaining to those Seabed Mineral Activities in the Area.

(4) Upon Application to conduct Seabed Mineral Activities within the Area under the sponsorship of the Federated States of Micronesia, and following such format and processes as may be Prescribed, the NSRA may
take a decision:

(a) to issue to an Applicant:

(i) a Sponsorship Certificate for Exploration, or

(ii) a Sponsorship Certificate for Mining, committing to sponsor the Applicant to conduct specified Seabed Mineral Activities within the Area under contract with the ISA; or

(b) not to issue any Sponsorship Certificate.

(5) The NSRA may provide opportunity for members of the public or interest groups representing the public, to provide information be taken into account by the NSRA in taking a decision under subsection (4)."

Section 91. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 703 under chapter 7 of subtitle II, to read as follows:

"Section 703. Conditions to issue of Sponsorship Certificate.

(1) A Sponsorship Certificate shall only be issued to an Applicant who meets the Sponsorship Qualification Criteria.

(2) The NSRA shall not issue a Sponsorship Certificate where in the NSRA’s reasonable opinion the sponsorship would not be in the public interest of the Federated States of Micronesia."
Section 92. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 704 under chapter 7 of subtitle II, to read as follows:

"Section 704. Sponsorship Application and Sponsorship Qualification Criteria.

(1) A sponsorship Application must be made in writing to the NSRA and must:

(a) provide evidence that the Sponsorship Applicant meets the Sponsorship Qualification Criteria, and

(b) include:

(i) the same content that is required by the Rules of the ISA for an application to the ISA for approval of a plan of work to obtain a contract for the proposed Seabed Mineral Activities

(ii) written undertakings that the Applicant:

(A) will fully comply with its obligations under the Rules of the ISA and relevant parts of this subtitle,

(B) warranties that the content of the Application is true and accurate to the best of its belief, and

(C) intends to apply for a contract with the ISA to conduct Seabed Mineral Activities in the Area under the sponsorship of the Federated States of
(iii) Copies or summaries of any studies conducted by the Sponsorship Applicant or other data in relation to: the Seabed Mineral potential of the proposed Contract Area, and the potential impact of the Seabed Mineral Activities on the Environment;

(iv) An indication insofar as known of the Applicant’s proposed:

(A) methods for financing the Seabed Mineral Activities,

(B) ownership, lease or other arrangement to use vessels and equipment required for the operation of the Seabed Mineral Activities, and

(C) insurance or contingency funding to cover damage that may be caused by the Seabed Mineral Activities or the costs of responding to an Incident;

(v) A list of employees required to operate the Seabed Mineral Activities, and an indication if any of these will be recruited from the Federated States of Micronesia;

(vi) A capacity-building program providing for the training of personnel of the Federated States of Micronesia;

(vii) The Application fee required by section 901 of this subtitle;
(viii) A statement as to whether the Sponsored Party or any of its Directors has previously been found on reasonable evidence to have:

(A) breached a material term or condition of the Rules of the ISA;

(B) been convicted of an offense or incurred a civil penalty pertaining to the conduct of Seabed Mineral Activities or similar sea or land based activities in another jurisdiction; or

(C) been convicted of an offense involving fraud or dishonesty;

(ix) Any other matters as may be Prescribed.

(2) The Sponsorship Qualification Criteria are that:

(a) the Sponsorship Applicant:

(i) is an existing body corporate, registered in the Federated States of Micronesia;

(ii) has, or will have at the commencement of the proposed Seabed Mineral Activities, sufficient financial and technical resources and capability:

(A) properly to perform the Seabed Mineral Activities in compliance with the Rules of the ISA; and

(B) to cover damage that may be caused by the Seabed Mineral Activities or the costs of responding to an Incident;
(iii) has submitted a valid Application in accordance with this subtitle and these Regulations, including the Sponsorship Application fee;

(b) the proposed Seabed Mineral Activities are consistent with the Rules of the ISA in relation to environmental management;

(c) the proposed Seabed Mineral Activities are compatible with applicable national and international laws, including those relating to safety at sea and the protection and preservation of the Marine Environment; and

(d) the proposed Seabed Mineral Activities will not unduly affect:

(A) the rights of other legitimate sea users, or

(B) the protection and preservation of the Marine Environment,

(C) international and domestic peace and security.

(3) A decision by an official organ of the ISA to grant to Sponsored Party a contract may be considered by the NSRA as evidence in relation to its Sponsorship Certificate decision-making.”
new section 705 under chapter 7 of subtitle II, to read as follows:

"Section 705. Terms of the Sponsorship Certificate

A Sponsorship Certificate, shall be issued to a
Sponsored Party in a form necessary to satisfy the Rules
of the ISA, and shall contain:

(a) the name of the Sponsored Party;

(b) a statement that the Sponsored Party is:

   (i) a national of the Federated States of
   Micronesia; or

   (ii) subject to the effective control of the
   Federated States of Micronesia or its nationals;

(c) a statement by the Federated States of
Micronesia that it sponsors the Sponsored Party;

(d) the date of deposit by the Federated States
of Micronesia of its instrument of ratification of, or
accession or succession to, the UN Convention on the Law
of the Sea;

(e) a declaration that the Federated States of
Micronesia assumes responsibility in accordance with
article 139, article 153, paragraph 4, and Annex III,
article 4, paragraph 4, of the UN Convention on the Law
of the Sea;

(f) the date at which the sponsorship commences;

(g) a statement that the Sponsorship Certificate
shall remain in force for the duration of an ISA
contract awarded to the Sponsored Party under the
State’s sponsorship, unless otherwise terminated in
accordance with this subtitle; and

(h) any additional content reasonably required by
the ISA or that the NSRA considers fit to include.”

Section 94. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 706 under chapter 7 of subtitle II, to read as follows:

“Section 706. Sponsorship agreements.

(1) The NSRA may enter into written agreements with
the Sponsored Party at any time to establish additional
terms and conditions as to the sponsorship arrangement
including terms as to the calculation and payment of
royalties, taxes, sponsorship fees or other fiscal
impositions payable by the Sponsored Party, provided the
terms of such an agreement do not, or are not likely to,
lead to a contravention by the Federated States of
Micronesia or the Sponsoring Party of the Rules of the
ISA or this subtitle, and do not conflict with any
international law obligations of the Federated States of
Micronesia.

(2) The NSRA may consult the relevant stakeholders,
and their views taken into account, before any
sponsorship agreement is entered into the NSRA.”

Section 95. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a new section 707 under chapter 7 of subtitle II, to read as follows:

"Section 707. Liability of Sponsored Party.

(1) The Sponsored Party shall be responsible for the performance of all Seabed Mineral Activities carried out within the Contract Area, and its compliance with the Rules of the ISA, and will be liable:

   (a) for the actual amount of any compensation or
damage or penalties arising out of a failure to comply,
or

   (b) for any wrongful acts or omissions and those
of its employees, officers, subcontractors, and agents
in the conduct of the Seabed Mineral Activities.

(2) Any obligations which are to be observed and
performed by the Sponsored Party shall at any time at
which the Sponsored Party is more than one person be
joint and several obligations.

(3) A Sponsored Party shall at all times keep the
Federated States of Micronesia indemnified against all
actions, proceedings, costs, charges, claims and demands
which may be made or brought by any third party in
relation to its Seabed Mineral Activities."

Section 96. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 708 under chapter 7 of subtitle II, to read as follows:
“Section 708. Government Responsibilities.

Where the Federated States of Micronesia is sponsoring a Sponsored Party, which holds a contract with the ISA to conduct Seabed Mineral Activities in the Area, the Federated States of Micronesia will, via the NSRA:

(a) take all actions necessary to give effect to the sponsorship of the Sponsored Party, including undertaking any communications with, and providing any assistance, documentation, certificates and undertakings to, the ISA or other relevant party required in respect of the sponsorship;

(b) ensure that its conduct in relation to the ISA, the Area, and Seabed Mineral Activities adheres to the requirements and standards established by general principles of international law;

(c) take all appropriate means to exercise its effective control over Sponsored Parties, seeking to ensure that their Seabed Mineral Activities are carried out in conformity with the UN Convention on the Law of the Sea, the Rules of the ISA, and other requirements and standards established by general principles of international law;

(d) not impose unnecessary, disproportionate, or duplicate regulatory burden on Sponsored Parties, and not impose requirements upon a Sponsored except insofar
as these are consistent with existing requirements imposed by, the UN Convention on the Law of the Sea, the Rules of the ISA, and other applicable standards of international law; and

(e) promote the application of the Precautionary Approach and employment of best environmental practice.”

Section 97. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 709 under chapter 7 of subtitle II, to read as follows:

“Section 709. Termination of Sponsorship Certificate.

(1) A Sponsorship Certificate shall remain in force unless and until it is terminated in accordance with this section;

(2) A Sponsorship Certificate terminates if:

(a) The Sponsored Party’s contract with the ISA expires, is surrendered or is terminated,

(b) It is surrendered by the Sponsored Party in accordance with section 711 of this subtitle,

(c) It is revoked by the NSRA in accordance with section 710 of this subtitle, and upon termination all rights granted to the Sponsored Party by the Federated States of Micronesia shall cease and determine.”

Section 98. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 710 under chapter 7 of subtitle II, to read as follows:
Section 710. Revocation of a Sponsorship Certificate.

(1) The NSRA may revoke a Sponsorship Certificate:

(a) where any of the Sponsorship Qualification Criteria ceases to be met by the Sponsored Party in a material particular;

(b) where the Sponsored Party has failed to apply to the ISA for a contract, or has applied but failed to obtain a contract with the ISA, within three years of the date of the issue of the Sponsorship Certificate;

(c) in any case, with the written consent of the Sponsored Party;

(d) where no material efforts have been made by the Sponsored Party to undertake the sponsored Seabed Mineral Activities for a period exceeding five years from the date of signing the contract with the ISA;

(e) where the Sponsored Party has conducted itself in such a way as to result in a serious, persistent, or willful breach of the Rules of the ISA, the requirements of this subtitle, Regulations, an Order made under this subtitle, or a final binding decision of a dispute settlement body applicable to the Sponsored Party, and such breach cannot be remedied, or has not been remedied notwithstanding the giving of reasonable notice to the Sponsored Party by the NSRA;

(f) where, following at least two written notices
given by the NSRA to the Sponsored Party in accordance
with this subtitle, any payment or deposit required or
owing under this subtitle is in arrears or unpaid for
six months following the day on which it ought to have
been paid;

(q) where the Sponsored party knowingly or
recklessly provides the ISA or the NSRA with information
that is false or misleading in a material particular, or
fails to retain or willfully alters, suppresses,
conceals, or destroys any document which is required to
be produced to the ISA or the NSRA; or

(h) upon transfer, mortgage, lease of a Title, or
significant change in the constitution, ownership or
control of the Title Holder, without the NSRA’s
approval.

(2) Before making a decision under this section of
this subtitle the NSRA shall:

(a) give to the Sponsored Party at least 30 days’
written notice of the NSRA’s intention to make the
decision, setting out details of the proposed decision
and the reasons for it, and inviting a person to whom
the notice, or a copy of the notice has been given to
make a written submission to the NSRA about the proposal
within a specified timeframe; if there are any
objections;
(b) give a copy of the notice to any such other persons as the NSRA thinks fit;
(c) take into account any submissions made in accordance with the notice; and
(d) where the decision is to revoke the Sponsorship Certificate, give the Sponsored Party no fewer than six months’ notice before that revocation takes place.”

Section 99. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 711 under chapter 7 of subtitle II to read as follows:

“Section 711. Surrender of sponsorship.
A Sponsored Party may at any time surrender a Sponsorship Certificate without penalty by giving to the NSRA not less than six months' prior notice in writing to that effect.”

Section 100. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 712 under chapter 7 of subtitle II, to read as follows:

“Section 712. Ongoing liability after termination of sponsorship.
Following termination of sponsorship, a Sponsoring Party shall remain:
(a) subject to any ongoing obligations with respect to Seabed Mineral Activities that occurred prior
to termination, including requirements to submit reports
and to make payments to the NSRA and the ISA; and

(b) responsible for any damage from its wrongful
acts or otherwise arising from Seabed Minerals
Activities carried out prior to termination."

Section 101. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by creating a
new chapter 8 under subtitle II entitled: “Marine Scientific
Research”.

“Section 801. Marine Scientific Research within
national jurisdiction.

Marine Scientific Research may not be carried out within
an area of the Exclusive Economic Zone or Continental
Shelf (or Territorial Sea and internal waters where such
responsibility has been delegated to NSRA by State under
this subtitle) by any person, unless that person has:

(a) properly applied for a permit by the NSRA in
accordance with this subtitle;

(b) properly applied for a marine scientific
research permit from National Oceanic Resource
Management Authority (NORMA) in accordance with section
104 chapter 1 subtitle I of this title; and

(c) received consent to both applications, or not
received a denial of consent within six months of the
date of the applications.”
Section 102. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 802 under chapter 8 of subtitle II, to read as follows:

"Section 802. Application for Marine Scientific Research.

For an application for consent to conduct Marine Scientific Research to have been properly made, for the purposes of section 801 of this subtitle, the application shall be made to the NSRA in writing at least six months before the proposed commencement date of the Marine Scientific Research project, and shall contain:

(i) the cruise name and number;

(ii) the name, nationality, contact details, and address of the sponsoring institution, the scientist in charge of the project, and any other collaborators and participants;

(iii) the co-ordinates and charts of the broad area or areas within which the project is to be conducted;

(iv) a general description of the nature and objectives of the proposed project, including the date of commencement and its approximate duration, and the use of the data collected, including any plans to make the research results internationally available;
(v) the details of the methods, the equipment, and any installations to be used;

(vi) insofar as possible at the time of the application, a preliminary assessment of likely impact on the Marine Environment of the proposed project;

(vii) the details of any intended ports of call;

(viii) modalities of the participation of a representative of the Federated States of Micronesia in the project; and

(ix) the expected dates and method of submission to the Federated States of Micronesia of a preliminary report, a final report, and assessment of data, samples and research results."

Section 103. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 803 under chapter 8 of subtitle II, to read as follows:

"Section 803. Consent to Marine Scientific Research. Unless there are reasonable grounds for a denial of consent in accordance with section 901 of this subtitle, the NSRA shall provide its consent to a Marine Scientific Research project as soon as reasonably practicable, and no later than six months after receipt of an application containing the information required by section 802 of this subtitle."
Section 104. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 804 under chapter 8 of subtitle II, to read as follows:

"Section 804. Grounds for denial of consent to Marine Scientific Research.

The NSRA shall deny consent to an application to conduct Marine Scientific Research where:

(a) the NSRA reasonably considers that:

(i) the proposed Marine Scientific Research is of direct significance to the exploration and Mining of the natural resources of the Federated States of Micronesia, whether living or non-living;

(ii) the information supplied pursuant section 802 of this subtitle is inaccurate in a material particular; or

(iii) the person applying to conduct Marine Scientific Research already has an overdue outstanding obligation to the Federated States of Micronesia from a prior Marine Scientific Research project; or

(iv) the proposed Marine Scientific Research will interfere with another subsisting legitimate use of the same marine space; or

(b) the proposed Marine Scientific Research involves:

(i) drilling into the Continental Shelf;
(ii) the use of explosives;

(iii) the introduction of harmful substances into the Marine Environment;

(iv) the construction, operation or use of artificial islands, installations or structures (as referred to in Articles 60 and 80 of the UN Convention on the Law of the Sea); or

(v) an unacceptable risk to the Marine Environment.”

Section 105. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 805 under chapter 8 of subtitle II, to read as follows:


Consent to conduct Marine Scientific Research:

(a) does not entail any exclusive rights of access to the seabed or water column, and does not permit extraction of Offshore Minerals;

(b) does not constitute the legal basis for any claim to any part of the Marine Environment or its resources; and

(c) shall cease entirely or within a particular area upon written notice being given by the NSRA to that effect.”

Section 106. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 805 under chapter 8 of subtitle II, to read as follows:
Micronesia, as amended, is hereby further amended by inserting a new section 806 under chapter 8 of subtitle II, to read as follows:

"Section 806. Duties of persons conducting Marine Scientific Research.

It is a condition of any consent for Marine Scientific Research within the Federated States of Micronesia’s national jurisdiction, that the persons conducting the Marine Scientific Research shall at all times:

(a) adhere to the terms of this subtitle, Regulations, the Environment Law, and any rules or procedures relating to Marine Scientific Research issued by the Federated States of Micronesia’s Government;

(b) apply the Precautionary Approach and best environmental practices at all times;

(c) conduct the Marine Scientific Research exclusively:

(i) for peaceful purposes; and

(ii) to increase scientific knowledge for the benefit of all mankind;

(d) not proceed with Marine Scientific Research if there is evidence indicating that to proceed is likely to cause serious harm to the Marine Environment;

(e) submit to the NSRA a preliminary report, a final report, and assessment of data, samples and research results at such times and in such formats as
are prescribed or agreed with the NSRA prior to commencement of the project;
(f) hold securely and provide the NSRA with access at its request to all data and samples derived from the project;
(q) work with the NSRA to facilitate and support financially the participation of a representative of the Federated States of Micronesia in the project;
(h) inform the NSRA of any major changes to the proposed Marine Scientific Research program from the information provided in the application for consent;
(i) submit to the NSRA immediately by telephone and in writing notice of any Incident; and
(j) after completion of the project, remove any installations or equipment unless otherwise agreed with the NSRA.”

Section 107. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by creating a new chapter 9 under subtitle II entitled: “Financial Arrangements”.

Section 109. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 901 under chapter 9 of subtitle II to read as follows: “Section 901. Payments by Prospectors, Licensees and Sponsored Parties.”
(1) Application fee

An Applicant for a Title under this subtitle shall upon Application pay to the NSRA the Prescribed fee, which shall be non-recoverable.

(2) License fees

The NSRA may prescribe that a Licensee shall be required to pay an annual License fee, the amount or manner of determining the License fee, and the times and manner of payment.

(3) Sponsorship payments

The holder of a Sponsorship Certificate shall pay to the NSRA:

(a) such sums by way of annual administrative fees for the Federated States of Micronesia’s sponsorship of its Seabed Mineral Activities in the Area, and

(b) where the Sponsorship Certificate pertains to a contract for Mining in the Area, such sums by way of a commercial recovery payment, at such times and in such amounts as may be Prescribed, or provided in the Sponsorship Certificate or a sponsorship agreement made under this subtitle.

(4) Retention fees

Where the NSRA makes a determination under subsection 617(2) to retain an area for future Mining by a
Licensee, the NSRA may prescribe that a Licensee shall be required to pay an annual retention fee, the amount or manner of determining the retention fee, and the times and manner of payment.

(5) Taxes

Title Holders, and their sub-contractors, advisors, and employees shall pay all applicable customs duties and taxes in accordance with the relevant applicable laws of the Federated States of Micronesia.

(6) Seabed Minerals royalties

(a) The holder of a Mining License shall pay into a dedicated Treasury account such sums by way of royalties for the extraction of the Federated States of Micronesia’s Seabed Minerals and at such times as may be specified in Regulations or in any other law enacted for such purpose. Each payment shall be accompanied by details of the Seabed Minerals produced, sold or disposed of, and the details of the payment and how the payment has been calculated.

(b) Where any such royalty payment relates to Seabed Minerals located within a State’s Territorial Seas or internal waters, Treasury shall transfer any such royalties to that State.

(7) Transfer fees

A Title Holder shall upon any transfer of Title under
section 1005 of this subtitle, or any significant change in the ownership of the Title Holder under section 1006 of this subtitle, pay any transfer fees as may be prescribed.”

Section 110. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 902 under chapter 9 of subtitle II, to read as follows:

"Section 902. Recovery of payments owed by Title Holders. A sum of money payable pursuant to section 901 of this subtitle, is a debt due to the Federated States of Micronesia, and may be recovered in a court of competent jurisdiction, where:

(a) in any such proceedings a certificate of the NSRA certifying that a specified sum of money is so payable, shall be received as evidence of that fact;

(b) any sum unpaid by the Title Holder may at the court’s discretion may be recovered from any security deposited by the Title Holder under section 1003 of this subtitle; and

(c) interest on the amount outstanding may additionally be charged at a Prescribed or otherwise reasonable rate determined by the court.”

Section 111. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a
new section 903 of chapter 9, to read as follows:

"Section 903. Security Deposit.

(1) The NSRA may before granting a Title require an Applicant for a Title to deposit security as a guarantee of performance of the obligations attaching to the Title and that may be used to rectify any damage, clean-up, compensation, or other loss arising or resulting from a failure or fault by the Licensee to adhere to its obligations under this subtitle.

(2) The NSRA shall, in consultation with the Licensee at Application stage, determine the form of the security, the amount or value of the security, and the terms and conditions under which the security is held or may be used by the NSRA."

Section 904. The Seabed Resources Fund.

(1) There shall be established under the control and management of the Department of Finance and Administration a fund to be called the Seabed Resources Fund into which there shall be paid any sums paid under section 901 of this subtitle excepting:

(a) any funds required to be transferred to State in accordance with section 901(6)(b) of this subtitle,
and

(b) any funds allocated by the Treasury to be used directly for the purposes of covering the costs of establishing and operating the NSRA to perform its functions under this subtitle.

(2) The Seabed Resources Fund is established with the objective to ensure the prudent management of the Seabed Minerals for the benefit of present and future generations.

(3) The rules for the operation and management of the Seabed Resources Fund shall be laid down in a separate Act passed by Congress or by regulation promulgated by the NSRA.”

Section 113. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by creating a new chapter 10 under subtitle II entitled: “Miscellaneous”.

Section 114. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1001 under chapter 10 of subtitle II, to read as follows:

“Section 1001. Vessel Standards.

(1) Title Holders must at all material times ensure the following in respect of vessels engaged in Seabed Mineral Activities and Ancillary Operations:

(a) all the Federated States of Micronesia’s
flagged vessels comply with the laws of the Federated States of Micronesia regulating the construction, certification, maintenance, operation, crewing of vessels, including in Title 19 of the Code of the Federated States of Micronesia, and any enactment or amendment replacing, or regulations made under that Title, and comply with all applicable international standards incorporated into the Federated States of Micronesia’s laws by reference;

(b) all foreign flag vessels whose flag state is party to the International Convention for Safety of Life at Sea, 1974 (SOLAS 74) possess current valid SOLAS 74 certificates and comply with the flag state’s requirements and standards concerning ship certification;

(c) all foreign flag vessels whose flag state is not party to SOLAS 74 but is party to the International Convention for the Safety of Life at Sea, 1960 (SOLAS 60) possesses current valid SOLAS 60 certificates and comply with the flag state’s requirements and standards concerning ship certification;

(d) all foreign flag vessels whose flag state is not a party to either SOLAS 74 or SOLAS 60 meets all applicable structural and safety requirements contained in the published rules of a member of the International
(e) submission of the applicable certification in accordance with this section for each vessel to be used in the Seabed Mineral Activities which has not previously been submitted to the NSRA, not less than 5 Business Days before the commencement of the cruise on which the vessel will be used; and

(f) all vessels, installations and equipment are in good repair.

(2) A person who does not comply with any of the provisions of subsection (1) commits an offense, and any person guilty of that offense shall be liable to a fine not exceeding one hundred thousand dollars ($100,000) or to a prison term not exceeding 3 years or both.”

Section 115. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1002 under chapter 10 of subtitle II, to read as follows:

“Section 1002. Discovery by Title Holder of Seabed Minerals not covered by Title.

(1) A Title Holder shall notify the NSRA during the course of conducting Seabed Mineral Activities of the discovery and location of any Seabed Minerals to which
that Title does not relate, within thirty days of the
discovery.

(2) Any application to include newly discovered Seabed
Minerals in an existing Title shall be treated as a
variation of the Title, in accordance with the relevant
provisions of this subtitle or as may be prescribed.”

Section 116. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 1003 under chapter 10 of subtitle II, to read as
follows:

“Section 1003. Environmental conditions arising from
Environmental and Social Impact Assessment.
The terms of any environmental conditions arising from
an Environmental and Social Impact Assessment conducted
in compliance with this subtitle or any other law of the
Federated States of Micronesia shall be adopted as part
of the terms and conditions of any Title issued under
this subtitle.”

Section 117. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 1004 under chapter 10 of subtitle II, to read as
follows:

“Section 1004. Reports required under this subtitle.
The form and content of any date or report required to
be supplied to the NSRA under this subtitle shall
Section 118. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1005 under chapter 10 of subtitle II, to read as follows:

"Section 1005. Transfer of Title.

(1) No Title granted under this subtitle can be assigned, transferred, leased, sub-let or mortgaged without the NSRA’s prior written consent.

(2) In considering whether or not to give such consent, the NSRA may require the same information from the proposed transferee as would be required of a new Applicant for the same Title under this subtitle, and an undertaking that the transferee assumes all of the obligations of the transferor, and the NSRA may require the transferee to comply with the same processes as are required by this subtitle or otherwise Prescribed for an Application for that type of Title.

(3) A transfer of Title will only become effective upon payment of any transfer fee required under section 901 of this subtitle, and entry into the register of Titles maintained by the NSRA under section 406 of this subtitle."

Section 119. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1005 under chapter 10 of subtitle II, to read as follows:

"Section 1005. Transfer of Title.

(1) No Title granted under this subtitle can be assigned, transferred, leased, sub-let or mortgaged without the NSRA’s prior written consent.

(2) In considering whether or not to give such consent, the NSRA may require the same information from the proposed transferee as would be required of a new Applicant for the same Title under this subtitle, and an undertaking that the transferee assumes all of the obligations of the transferor, and the NSRA may require the transferee to comply with the same processes as are required by this subtitle or otherwise Prescribed for an Application for that type of Title.

(3) A transfer of Title will only become effective upon payment of any transfer fee required under section 901 of this subtitle, and entry into the register of Titles maintained by the NSRA under section 406 of this subtitle."

Section 119. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1005 under chapter 10 of subtitle II, to read as follows:

"Section 1005. Transfer of Title.

(1) No Title granted under this subtitle can be assigned, transferred, leased, sub-let or mortgaged without the NSRA’s prior written consent.

(2) In considering whether or not to give such consent, the NSRA may require the same information from the proposed transferee as would be required of a new Applicant for the same Title under this subtitle, and an undertaking that the transferee assumes all of the obligations of the transferor, and the NSRA may require the transferee to comply with the same processes as are required by this subtitle or otherwise Prescribed for an Application for that type of Title.

(3) A transfer of Title will only become effective upon payment of any transfer fee required under section 901 of this subtitle, and entry into the register of Titles maintained by the NSRA under section 406 of this subtitle."
Micronesia, as amended, is hereby further amended by inserting a new section 1006 under chapter 10 of subtitle II, to read as follows:

"Section 1006. Change of Ownership, Constitution or Control of a Title Holder.

(1) A Title Holder shall notify the NSRA of any significant change in the constitution, ownership, control or corporate organization of the Title Holder.

(2) The NSRA shall determine whether a change of the type stipulated in subsection (1) shall be considered a transfer for the purposes of section 1005 of this subtitle."

Section 120. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1007 under chapter 10 of subtitle, to read as follows:

"Section 1007. Suspension of Title.

(1) A Title confers no entitlements during any period it is suspended under this subtitle.

(2) The power to suspend a Title under this subtitle includes a power to lift the suspension."

Section 121. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1008 under chapter 10 of subtitle II, to read as follows:

"Section 1008. Termination of Title. A Title granted
terminates if, pursuant to this subtitle:

(a) its term expires, without renewal;
(b) it is surrendered by the Title Holder;
(c) it is revoked by the NSRA; or
(d) in the case of an Exploration License, it

ceases to be in force in respect of the whole of its
area under section 617 of this subtitle.”

Section 122. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 1009 under chapter 10 of subtitle II, to read as
follows:

“Section 1009. Grant of Title confers reasonable rights
of access.
A Title under this subtitle entails the right of
navigation within the Exclusive Economic Zone (or
Territorial Sea and internal waters where such
responsibility has been delegated to NSRA by State under
this subtitle) in so far as is reasonably required by
the Title Holder to access the area that is the subject
of the consent or Title.”

Section 123. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 1010 under chapter 10 of subtitle II, to read as
follows:

“Section 1010. Nothing under this subtitle to authorize
unnecessary interference with other sea users.

(1) A Title Holder must carry out the Seabed Mineral Activities in such a way that will not interfere unreasonably with the exercise of the freedom of the high seas as reflected in Article 87 of the UN Convention on the Law of the Sea, or the unreasonable interference with any other subsisting legitimate use of any part of the sea or the seabed.

(2) Any works or installations erected by a Title Holder in or over any part of the sea must be of such sort and must be made, placed, marked and buoyed, equipped and maintained in such a way as to leave safe and convenient channels for shipping in the area.

(3) A Title Holder contravenes this section if:

(a) its performance of Seabed Mineral Activities or Ancillary Operations, interferes with lawfully conducted:

(i) navigation;

(ii) fishing;

(iii) submarine cabling;

(iv) Marine Scientific Research;

(v) conservation of the resources of the sea or the seabed; or

(vi) any other activities that are lawfully being carried out; and
(b) that interference is greater than is necessary for the reasonable exercise of the rights or performance of the person's duties under the Title.

(4) Any person who contravenes this section commits an offense punishable upon conviction to a fine not exceeding five thousand dollars ($5,000)."

Section 124. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1011 under chapter 10 of subtitle II, to read as follows:

"Section 1011. Rights of other nations.

(1) Nothing in this subtitle affects the rights of other nations in accordance with Article 142 and other relevant provisions of the UN Convention on the Law of the Sea.

(2) Any other national Government which has grounds for believing that Seabed Mineral Activities have caused, are causing, or are likely to cause Serious Harm to the Environment under its jurisdiction may notify the NSRA in writing of the grounds upon which such belief is based. The NSRA shall provide any Applicant or Title Holder affected by the notice with a reasonable opportunity to examine the notice and evidence, if any, provided by the Government as the basis for its belief, and submit its observations thereon to the NSRA within a
time that is reasonable in the circumstances.

(3) If in the NSRA’s opinion, upon consultation with the relevant stakeholders, there are clear grounds for the national Government’s belief under subsection (2), the NSRA must take immediate measures of a temporary nature to stop, prevent, or mitigate that harm to the Environment, including by direction or Order to any affected Title Holders."

Section 125. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1012 under chapter 10 of subtitle II, to read as follows:

“Section 1012. Objects of an archaeological or historical nature:

(1) Any Title Holder finding an object of an archaeological or historical nature within the jurisdiction or control of the Federated States of Micronesia must report that find to the NSRA and treat the object in accordance with the NSRA’s instructions, and must safeguard the object pending receipt of those instructions.

(2) The instructions given by the NSRA under this section shall take into account Articles 149 and 303 of the UN Convention on the Law of the Sea.”

Section 126. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a new section 1013 under chapter 10 of subtitle II, to read as follows:

"Section 1013. No interest in land.
The grant of a Title under this subtitle does not create an estate or interest in land other than the rights expressly granted by this subtitle or the Title, nor does a grant of a Title give rise to land taxation duties."

Section 127. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1014 under chapter 10 of subtitle II, to read as follows:

"Section 1014. Safety Zones.
(1) For the purpose of protecting an installation, infrastructure, facility or vessel being used for Seabed Mining Activities, the NSRA may, by notice, prohibit all vessels or specified classes of vessels, from entering or being present in a specified surrounding area (‘the safety zone’) without the written consent of the NSRA.
(2) The owner of a vessel and any person in formal or substantive command of a vessel commits an offense against this section if the vessel enters or remains in a safety zone in contravention of subsection (1).
(3) Any person guilty of an offense under this section
shall be liable to a fine not exceeding five thousand dollars ($5,000).

(4) It is a defense to a prosecution of a person for an offense against subsection (2) if the person satisfies the court that:

(i) an unforeseen emergency made it necessary for the vessel to enter or remain in the safety zone to attempt to secure the safety of human life, a vessel, pipeline, structure, or equipment;

(ii) the vessel entered or remained in the safety zone in circumstances beyond the control of the person who was in command or in charge of the vessel; or

(iii) the vessel’s owner is under prosecution and did not know that the person in command or in charge of the vessel was in contravention of subsection (2)."

Section 128. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1015 under chapter 10 of subtitle II, to read as follows:

"Section 1015. Interference with Seabed Mineral Activities.

(1) Unless authorized under this subtitle or Regulations, no person may interfere with Seabed Mineral Activities, or Ancillary Operations.

(2) For the purposes of this section, “interfere”
means willful sabotage of operations, or violence
against any representative of the NSRA or a Title Holder
in the performance of their respective functions and
duties under this subtitle or a Title, or similar
physical interference or obstruction without reasonable
excuse.

(3) Any person who does not comply with subsection (1)
commits an offense.

(4) Any person guilty of an offense under this section
shall be liable to a fine not exceeding five thousand
dollars ($5,000) or to a prison term not exceeding two
years or both.”

Section 129. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 1016 under chapter 10 of subtitle II, to read as
follows:

“Section 1016. Indemnity of Public Officials
The NSRA, authorized officers of the NSRA, and other
Public Officials shall not be liable for anything done
or omitted to be done in good faith in the performance
of any function vested in or delegated to them under
this subtitle.”

Section 130. Title 24 of the Code of the Federated States of
Micronesia, as amended, is hereby further amended by inserting a
new section 1017 under chapter 10 of subtitle II, to read as
"Section 1017. Public Officials prohibited from acquiring Title rights.

(1) No Public Official shall, directly or indirectly, acquire any individual right or interest in any Title, and any document or transaction purporting to confer any right or interest on any such officer shall be null and void.

(2) No member of the NSRA or Public Official employed in the NSRA shall in their personal capacity acquire or retain any share or commercial interest in a private company carrying Seabed Mineral Activities during that employment or within two years following the cessation of that employment.

(3) Any person who violates subsection (2) commits an offense.

(4) Any person guilty of an offense under this section shall be liable to a fine not exceeding fifty thousand dollars ($50,000) or to a prison term not exceeding two years or both."

Section 131. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1018 under chapter 10 of subtitle II, to read as follows:

"Section 1018. Conflict of interest."
(1) Neither the Executive Director nor any member or employee of the NSRA in his or her capacity as such shall willingly participate in any matter in which he or she knows or reasonably should know he or she has a conflict of interest.

(2) A conflict of interest exists if the Executive Director, member or employee could personally benefit directly or indirectly from a decision on a matter over which he or she has influence or control, or if a matter over which he or she has influence or control relates in any way to a business or property he or she or a family member directly or indirectly owns or controls, or in which he or she has a beneficial interest of any kind, whether through a trust or otherwise.

(3) Any conflict of interest shall be disclosed, and such disclosure shall be recorded in the minutes of the NSRA, and that member or employee shall not take part in any deliberation, decision, or execution of a decision of the NSRA.

(4) In this section, the following terms shall have the meanings stated below:

(a) ‘Benefit’ shall mean gain or advantage of any kind, and shall include financial gain, property, service, or improvement of condition.

(b) ‘Business’ shall mean businesses of any kind
whether situated in the Federated States of Micronesia or elsewhere and whether incorporated or not.

(c) ‘Family member’ shall mean a parent, brother, sister, spouse, nephew, niece or child, including a person who is adopted legally or in accordance with custom, or for whom care was given such that a relationship exists in the nature of parent and child. The term shall also include a spouse of any person referred to in this definition and their children.

(d) ‘Interest’ shall mean either direct ownership of, indirect ownership of, shares in, financial benefit from, or complete or partial control of, such property or business.

(e) ‘Property’ shall mean real or personal property of every description whether situated in the Federated States of Micronesia or elsewhere.

(5) A person who violates the provisions of this section commits an offense and upon conviction shall be liable to a fine of not more than fifty thousand dollars ($50,000), imprisonment for not more than three years, or both.”

Section 132. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1019 under chapter 10 of subtitle II, to read as follows:
"Section 1019. Import Duties.

(1) A Title Holder and its nominated contractors and subcontractors engaged in Seabed Mineral Activities are hereby permitted to import into the Federated States of Micronesia’s jurisdiction free of duty or other taxes on imports of machinery, equipment, vehicles, materials, supplies, consumable items, and moveable property where imports of any of the said categories have been certified by the Title Holder to be for use solely in carrying out Seabed Mineral Activities under the Title.

(2) Any of the items imported into the Federated States of Micronesia may, if no longer required for the Seabed Mineral Activities, be freely exported at any time by the importing party without the payment of any export or import duty.

(3) On the sale or transfer by the importer of any duty free imported items to any person in the Federated States of Micronesia, import duty shall be payable by the importer on the value thereof at the date of such sale or transfer."

Section 133. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1020 under chapter 10 of subtitle II, to read as follows:

"Section 1020. Offense committed by a body corporate.
Where an offense under this subtitle that has been committed by a body corporate is committed 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 that offense and, in respect of an offense punishable by a fine only, if the court finds that the offense was committed by that person willfully, recklessly, corruptly or for the purpose of personal gain, that officer is liable to imprisonment for a period of up to two years.”

Section 134. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1021 under chapter 10 of subtitle II, to read as follows:

“Section 1021. Notice.
Any application, request, notice, warning, report, or direction made or given under this subtitle, or service of process or notification in any proceeding of any court or tribunal having jurisdiction, shall be made by the NSRA or the representative of the Title Holder designated in the Title in writing, and shall be deemed served the day after delivery, if delivered by hand, facsimile or email to the NSRA or to the designated representative.”
Section 135. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1022 under chapter 10 of subtitle II, to read as follows:

"Section 1022. Disputes.

(a) Any dispute arising between the Federated States of Micronesia and another State in connection with Seabed Mineral Activities shall be resolved pursuant to the provisions of the UN Convention on the Law of the Sea;

(b) Any dispute between the Federated States of Micronesia and a Title Holder arising in connection with the administration of this subtitle shall be dealt with by:

(i) the parties attempting to reach settlement by mutual agreement or mediation, and in the event this is not successful then,

(ii) by referral to the courts of the Federated States of Micronesia or, upon agreement by the parties, by arbitration to be conducted by the International Centre for Settlement of Investment Disputes established under Convention on the Settlement of Investment Disputes between States and Nationals of other States."

Section 136. Title 24 of the Code of the Federated States of Micronesia
Micronesia, as amended, is hereby further amended by inserting a new section 1023 under chapter 10 of subtitle II, to read as follows:

"Section 1023. Transitional provisions

One year from the commencement of this subtitle:

(a) any authority or minerals right granted under any other legislation or otherwise to carry out Seabed Mineral Activities in the Exclusive Economic Zone or upon the Continental Shelf shall expire; and

(b) any person or persons who were before the commencement of this subtitle authorized to carry out Seabed Mineral Activities in the Exclusive Economic Zone or upon the Continental Shelf, to allow the continuation of such activities, shall obtain a Permit or License under this subtitle and comply with the requirements of this subtitle."

Section 137. Title 24 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by inserting a new section 1024 under chapter 10 of subtitle II, to read as follows:

"Section 1024. Schedule I: Environmental and Social Impact Assessment Contents.

For the purpose of section 622 of this subtitle, the following is the minimum required content of an Environmental and Social Impact Assessment and resulting
A. Executive Summary: providing an explanation of the Seabed Mineral Activities for non-technical readers, including:

(1) description of the proposed activity and its objectives,

(2) anticipated bio-physical and socio-economic of the activity, highlighting which are direct and which indirect, and which are reversible and which are irreversible,

(3) details of remedial actions that are proposed,

(4) description of all benefits to be derived from the project,

(5) details of consultation program undertaken by the applicant, including degree of public interest,

(6) description of end-use plans for the development activity

B. Introduction

(1) Background: summary of the project being proposed.

(2) Project History: summary of the work undertaken to date, including Seabed Mineral deposit discovery and any prospecting, exploration or test mining activities
conducted to date.

(3) Project Proponent: summary of the credentials of the Licensee, including major shareholders, other Titles owned or applied for (or similar within other jurisdictions).

(4) Purpose and Justification: information on the viability of the proposed activity, including but not limited to the following:

   (i) information on the capital cost associated with the development,

   (ii) details of the proponent’s technological expertise and resources,

   (iii) results of any feasibility investigations that have been carried out,

   (iv) information on the extent of landowner and/or resource owner support, including a copy of the formal written approval of their consent,

   (v) the anticipated life-span and development phases of the project.

(5) This Report: statutory context, description of the scope of the EIA, and the report’s structure.

C. Policy, Legal and Administrative Framework:

information on relevant national legislation, agreements or policy, relevant international agreements or conventions, and other non-legal standards or
guidelines, that are applicable to the proposed activity, and how the Licensee will comply with these requirements.

D. Stakeholder Consultation: description of what consultation has occurred with interested parties and stakeholders, any consents received from local communities, and what continuing consultation is planned.

E. Description of Proposed Activity: including the following:

   (1) Location (with reference to a map)
   (2) Details of the type, grade and volume of the Seabed Mineral deposit, and estimates of inferred and indicated resource
   (3) The activity or activities that have triggered the Environmental and Social Impact Assessment requirement, a work plan showing how these are proposed to be conducted
   (4) A proposed timetable, with milestone dates by which tasks are expected to be completed
   (5) Seabed infrastructure to be used
   (6) Technology to be employed (with reference to relevant diagrams and drawings), and details of any construction and operating standards used
   (7) Transport to be used
(8) Storage facilities to be used
(9) Anticipated waste products, and waste disposal mechanisms to be used
(10) Any material-handling or hazardous material management methods or protocols to be used
(11) Any Ancillary Operations, support equipment or onshore infrastructure or processes required to carry out the activity.
(12) Alternative sites or methods considered
(13) Workforce description and details of any health and safety standards used
(14) Decommissioning, closure, and site rehabilitation plans

F. Description of Existing Environment: detailed account of knowledge of the environmental conditions at the site, and a baseline description of geological, oceanographic and biological conditions against which impacts will be measured and assessed, including:
(1) Regional oceanographic, geological and biological overview
(2) Studies and research activities completed which provide relevant information
(3) Special characteristics of the site
(4) Meteorology and air quality
(5) Geological setting
(6) Physical oceanographic setting, including water quality and sediment characteristics

(7) Biological environment

(i) Pelagic (surface to 200m depth)

(ii) Midwater (between 200m depth and seafloor)

(iii) Benthic (at seafloor level)

(8) Natural hazards

(9) Noise

(10) Air quality

(11) Description of existing onshore environment, as relevant

(12) Socio-economic environment of the site, including:
other Seabed Mineral Activities, fisheries, Marine Scientific research, navigation lanes, submarine cabling, tourism, customary sea use, aquaculture.

(13) Cultural/Historic resources

(14) Socio-economic and socio-cultural issues generally, including onshore direct or indirect impacts, and anticipated effects on the livelihoods and lifestyles of the population of the Federated States of Micronesia.

G. Environmental impacts on the seabed site, the regional site, and the coastal and onshore environment, mitigation and management measures-

(1) the nature and extent of any impact on any and all
of the categories listed in section F, and also, insofar as not covered by the section F categories, the effects / issues anticipated from:

(i) Greenhouse gas emissions and climate change;

(ii) Biosecurity

(iii) Pollution

(iv) Health and safety of workers

(v) Waste management

(vi) Economic benefit or impact for the Federated States of Micronesia

(vii) Skills development, industry diversity and community impacts for the Federated States of Micronesia

(viii) Supply chain, utilities, access to water, fuel, and impact to local communities in terms of access to supplies

(ix) Any other direct or indirect impacts on the Federated States of Micronesia’s population

(x) Environmentally hazardous discharges resulting from accidental and extreme natural events

(2) measures that will be taken to avoid, mitigate, minimize or such impact; and

(3) what unavoidable impacts will remain;

(4) how those impacts will be compensated for.
H. Environmental Management, Monitoring and Reporting

(1) Organizational structure and responsibilities for environmental management

(2) Environmental management plan, including –

   (i) Impact mitigation and minimizing

   (ii) Monitoring plan

(3) Closure and rehabilitation plan

(4) Monitoring studies

(5) Reporting

I. Environmental and Social Impact Assessment team

(1) Licensee personnel

(2) Lead Environmental Consultant(s)

(3) Other personnel or consultants

J. References

K. Glossary and abbreviations

L. Appendix: all supporting studies"

Section 138. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

Date: 7/4/12 Submitted by: /s/ Florencio S. Harper

Florencio S. Harper (By Request)