SPACE FINANCIAL SERVICES AUTHORITY

SFSA

INTERIM GUIDANCE NOTE

IGN-006

Enforcement Framework and Dispute Resolution

A Three-Tier Framework: English Common Law → SFSA Tribunal → Space Law

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Applies to	All SFSA-Authorised Institutions, Applicants, and parties to the SFSA Authorisation Agreement
Read alongside	SFSA IGN-001 Section 10; IGN-002 Template D (Authorisation Agreement); SFSA Association Statutes Articles 20–22

Executive Summary

This Interim Guidance Note (IGN-006) establishes the SFSA's Enforcement Framework — the complete system by which the SFSA identifies, investigates, adjudicates, and sanctions breaches of SFSA standards by SFSA-Authorised Institutions, and by which disputes between the SFSA and Authorised Institutions are resolved.

The central challenge of space economy financial enforcement is jurisdictional: the space economy operates across terrestrial jurisdictions, orbital regimes, and eventually celestial bodies — but no court, tribunal, arbitral body, or enforcement mechanism specifically designed for space economy financial disputes yet exists. Every space economy financial institution today resolves disputes under terrestrial law, by contractual choice, while the international legal framework for the space economy remains in its earliest stages of development.

The SFSA's response to this challenge is a three-tier framework that is operational today, credible tomorrow, and future-proof for the long term:

I	**English Common Law — Terrestrial Anchor**	**Operative now**
II	**SFSA Enforcement Tribunal — Sector Specialist**	**Year 2–3**
III	**Space Law Transition — Orbital Jurisdiction**	**Future state**

The framework draws on the precedent of the aviation industry, which operated for two decades under domestic common law and voluntary IATA standards before the Chicago Convention (1944) codified international aviation law. The SFSA is doing for space finance what IATA did for aviation: building the contractual and voluntary standard-setting framework that will eventually be reflected in international space financial law.

NOTE The SFSA's enforcement authority is contractual and reputational, not sovereign. The SFSA cannot impose fines backed by state coercion, compel attendance at hearings by legal process, or imprison anyone. Its enforcement power derives from: (1) the Authorisation Agreement signed by every SFSA-Authorised Institution; (2) the reputational consequences of suspension or revocation of SFSA Authorisation; and (3) referral to national regulators and financial intelligence units, which activates sovereign enforcement power.

PLAIN TERMS The SFSA is not a state — we cannot levy court-backed fines, compel anyone to attend a hearing, or imprison anyone. Our power comes from three places instead: the Authorisation Agreement every institution signs, the reputational cost of suspension or revocation, and our ability to refer a matter to national regulators, who do have sovereign power.

Section 1 — The Jurisdictional Challenge of Space Economy Finance

1.1 No Space Financial Court Exists

The legal framework for the space economy is governed by five principal international instruments: the 1967 Outer Space Treaty, the 1968 Rescue Agreement, the 1972 Liability Convention, the 1975 Registration Convention, and the 1979 Moon Agreement. Together, these instruments establish that outer space is the province of all mankind, that states bear international responsibility for their national space activities, and that states are liable for damage caused by their space objects. None of these instruments creates any mechanism for the resolution of private financial disputes, the enforcement of financial regulatory standards, or the adjudication of disputes between financial institutions and a financial regulatory body in the space domain.

PLAIN TERMS Five international treaties govern space law today. Between them, they say outer space belongs to everyone, and that states answer for their own space activities and any damage their space objects cause. None of them says anything about resolving a financial dispute, enforcing a financial standard, or settling a disagreement between an institution and a regulator. That gap is why IGN-006 exists.

1.2 The Limits of Existing Terrestrial Frameworks

In the absence of a space-specific financial legal framework, space economy financial institutions currently contract under terrestrial law. The dominant choices are:

Governing Law	Strengths	Limitations for Space Economy
English Common Law	Most widely used governing law for international commercial contracts; vast body of case law; predictable; arbitral awards enforceable in 170+ countries under New York Convention; common law tradition of gap-filling by analogy	No space economy-specific precedent; English courts have never adjudicated a dispute involving orbital assets, launch contract enforcement, or multi-jurisdiction space economy financial services
New York Law	Dominant in US capital markets; strong financial services precedent; familiarity to institutional investors	US ITAR/EAR export control law creates significant complexity for space economy entities with non-US counterparties; less suitable for non-US SFSA-Authorised Institutions
Swiss Law	Natural for Swiss-incorporated SFSA entities; neutral, stable, predictable; strong arbitration infrastructure (Swiss Rules)	Smaller body of international commercial precedent than English law; Swiss courts less experienced with novel cross-border technology disputes

Governing Law	Strengths	Limitations for Space Economy
UAE / DIFC Law	The Dubai International Financial Centre Courts operate English common law in a UAE jurisdiction; increasingly used for cross-border disputes; recognition of judgments growing	Still developing; enforcement outside GCC uncertain; less relevant for European and Asian space economy entities

1.3 The Aviation Precedent

The space economy is not the first industry to face this challenge. Aviation confronted an identical problem in the 1920s and 1930s: a rapidly growing international industry, no agreed international jurisdiction, and cross-border disputes resolved piecemeal under domestic law. The industry's response was twofold: adopt English common law as the default governing law for international aviation contracts (which remains the standard today), and build international bodies — the International Air Transport Association (IATA), founded in 1945 — that developed voluntary standards later codified in the Chicago Convention (1944) and the Montreal Convention (1999).

PRECEDENT The SFSA occupies the role of IATA in the pre-Chicago Convention era of aviation: building voluntary contractual standards and enforcement mechanisms that provide legal certainty in the near term, while the international community works toward the multilateral treaty framework that will eventually provide the definitive legal architecture. As with aviation, the voluntary framework does not delay or impede the international framework — it accelerates it by demonstrating what works.

1.4 Why English Common Law is the Right Tier 1 Choice

The SFSA selects English common law as the Tier 1 governing law for the following reasons:

- International commercial primacy — English law governs the majority of international financial contracts globally, including shipping, aviation, commodities finance, and derivatives. Space economy financial institutions and their counsel are likely already operating under English law in other contexts.
- Common law gap-filling — English courts have a sophisticated tradition of filling legal gaps in novel industries by analogy to established principles. Maritime law, aviation law, and technology law all developed through this process. Space economy financial disputes will benefit from the same approach.
- The London Court of International Arbitration (LCIA) — provides a world-class institutional arbitration framework, with awards enforceable in 170+ countries under the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. This is critical: SFSA enforcement decisions must be enforceable against institutions in multiple jurisdictions.
- UK Space Industry Act 2018 — England has enacted domestic space law creating a licensing framework for space activities. The English courts are therefore more likely than most other jurisdictions to have familiarity with space industry legal concepts when space economy financial disputes eventually reach them.

- SFSA's Swiss seat does not conflict — Swiss-seated arbitration and English governing law are fully compatible and frequently combined in international commercial contracts. The SFSA Authorisation Agreement can validly specify English governing law with Swiss arbitration as an alternative seat.

Section 2 — Tier 1: English Common Law — The Terrestrial Anchor

TIER I	English Common Law — Terrestrial Anchor	Operative from day one

2.1 The Contractual Foundation

The SFSA's enforcement power is grounded in contract. Every SFSA-Authorised Institution signs the SFSA Authorisation Agreement (IGN-002, Template D) upon grant of authorisation. That Agreement is a binding contract between the SFSA and the Authorised Institution, governed by English law, which:

- Obligates the institution to comply with all SFSA standards — IGN-001 through IGN-006 and all subsequent IGNs and formal Regulatory Framework provisions
- Obligates the institution to submit to the SFSA's enforcement procedures set out in this IGN-006
- Obligates the institution to accept the findings of the SFSA Tribunal (Tier 2, once established) as binding
- Obligates the institution to submit to LCIA arbitration for disputes with the SFSA that are not resolved through the internal enforcement procedure
- Confirms that the remedies available to the SFSA — suspension and revocation of authorisation, publication of findings, referral to national regulators — are agreed contractual remedies, not merely regulatory actions

2.2 Governing Law and Dispute Resolution Clause

The following governing law and dispute resolution clause is incorporated into every SFSA Authorisation Agreement:

SFSA STANDARD GOVERNING LAW AND DISPUTE RESOLUTION CLAUSE

This Agreement and all non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of England and Wales.

Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity, or termination, shall be referred to and finally resolved by arbitration under the LCIA Rules, which are deemed to be incorporated by reference into this clause. The number of arbitrators shall be one (for disputes below GBP 500,000) or three (for disputes above GBP 500,000). The seat, or legal place, of arbitration shall be London, England. The language to be used in the arbitral proceedings shall be English.

Notwithstanding the foregoing, the SFSA may seek interim or emergency relief from any court of competent jurisdiction, including injunctive relief to prevent an SFSA-Authorised Institution from using the SFSA Authorisation Mark following suspension or revocation of SFSA Authorisation.

The parties acknowledge that the SFSA's internal enforcement procedures (IGN-006 Section 3) are contractually agreed procedures that must be exhausted before arbitration may be commenced, except in cases of emergency where interim relief is sought.

PLAIN TERMS This clause itself stays exactly as drafted above — in plain terms: English law governs this Agreement. If we disagree, we go to arbitration in London under LCIA rules, not to court — except that the SFSA can still go straight to a court for emergency relief, for example to stop someone misusing the SFSA mark right away.

2.3 English Law Gap-Filling for Space Economy Disputes

English common law is well-equipped to address novel space economy financial disputes through established gap-filling principles. The following analogies guide the approach:

Space Economy Issue	English Law Analogy	Principle Applied
Orbital asset valuation for collateral purposes	Ship valuation in ship financing; aircraft valuation in aviation finance	Independent expert valuation; agreed methodology in advance; haircut for illiquidity
Launch failure — lender's remedies	Force majeure in trade finance; frustration of contract in commodity supply	Contract frustration doctrine; force majeure clauses; insurance obligation
Multi-jurisdiction regulatory conflict	International banking — multiple regulatory regimes	Conflicts of laws principles; most stringent standard applies; regulatory priority
In-space asset ownership dispute	Offshore assets; ships on international waters; cargo in transit	Registration as evidence of title; priority of lien holders; insolvency treatment
Pre-revenue space company default	Startup lending; development stage company insolvency	Priority of secured creditors; floating charge crystallisation; administrator powers
Sanctions breach — orbital counterparty	OFAC/EU sanctions in trade finance	Strict liability; mandatory freeze; reporting obligation; ex turpi causa
Space tourism passenger financial claims	Aviation passenger rights; cruise line liability	Carrier liability framework; contractual limitation; insurance requirements
Dual-use technology financing gone wrong	Ship breaking; weapons manufacturer financing	Illegality doctrine; public policy void; regulatory referral

2.4 Referral to National Regulators

A critical element of the Tier 1 framework is the SFSA's power — and in certain cases obligation — to refer matters to national financial regulators and financial intelligence units. This transforms the SFSA's contractual enforcement into sovereign enforcement by activating the coercive powers of state regulators. The SFSA will refer matters to national regulators in the following circumstances:

- Criminal conduct — where an SFSA enforcement investigation reveals evidence of criminal conduct, the SFSA will refer the matter to the relevant national financial intelligence unit and/or law enforcement authority without delay

- AML/CFT breach — where an SFSA-Authorised Institution has materially breached AML/CFT standards in a manner that may constitute a violation of applicable national AML law, the SFSA will notify the relevant national FIU and regulator
- Capital insolvency — where an SFSA-Authorised Institution's capital has fallen below minimum levels and the institution cannot or will not remediate, the SFSA will notify the applicable national prudential regulator
- National licence breach — where the SFSA enforcement investigation reveals a breach of a national financial regulatory licence, the SFSA will notify the national regulator who issued that licence
- Sanctions violation — where an SFSA-Authorised Institution has breached applicable sanctions, the SFSA will notify the relevant national sanctions authority (SECO for Switzerland; OFAC for USD transactions; OFSI for GBP; EU CFSP authority for EUR)

REQUIREMENT National regulator referral is not a discretionary tool of last resort — it is a regulatory obligation in the cases listed above. The SFSA will not allow itself to become a shield that prevents national regulators from taking enforcement action. Referral does not require the exhaustion of SFSA internal enforcement procedures.

Section 3 — Internal Enforcement Procedure

3.1 Overview

The SFSA's internal enforcement procedure operates in five stages: detection, preliminary assessment, formal investigation, enforcement hearing, and sanction. The procedure is designed to be fair, proportionate, and transparent — consistent with the SFSA's own governance standards — while being operationally practical for a Secretariat of the SFSA's initial scale.

3.2 Stage 1 — Detection and Referral

An enforcement matter may be identified through:

- The Annual Regulatory Report — review of the report identifies a breach or potential breach of SFSA standards
- Immediate notification — an institution files a notification under IGN-001 Section 8.2 that discloses a potential breach
- Third party referral — a national regulator, financial intelligence unit, client, or counterparty brings information to the SFSA Secretariat's attention
- SFSA own-initiative — the Secretary General or Council identifies a potential breach through the Register audit, media monitoring, or other intelligence
- Whistleblower — an individual within an SFSA-Authorised Institution provides information through the SFSA's whistleblower channel (secretariat@sfsa.org, encrypted submission accepted)
- Self-referral — an institution voluntarily discloses a breach before it is identified by the SFSA

NOTE Self-referral is treated as a significant mitigating factor in the SFSA's enforcement response. An institution that voluntarily discloses a breach, cooperates fully, and remediates promptly will receive materially more lenient treatment than one whose breach is discovered by the SFSA or a third party.

3.3 Stage 2 — Preliminary Assessment

Upon identification of a potential breach, the Secretary General conducts a preliminary assessment within 15 business days to determine:

- Whether there is a credible basis for believing that a breach of SFSA standards has occurred or is occurring
- The apparent severity of the breach — minor, moderate, material, or severe
- Whether emergency interim measures are required — including immediate suspension of SFSA Authorisation
- Whether immediate referral to national regulators or financial intelligence units is required

Following the preliminary assessment, the Secretary General will:

- Close the matter (if no credible basis for breach), notifying the institution that the matter has been assessed and closed
- Issue an Informal Notice (for minor potential breaches) — a letter to the institution describing the potential concern and inviting a written response within 10 business days
- Open a Formal Investigation (for moderate, material, or severe potential breaches)
- Issue Emergency Interim Measures — suspension of SFSA Authorisation pending investigation, where the Secretary General determines that the breach presents an immediate risk to clients, counterparties, or the integrity of the space economy financial system

3.4 Stage 3 — Formal Investigation

A Formal Investigation is opened by written notice to the institution, which must:

- Identify the SFSA standards that are alleged to have been breached
- Set out the facts and matters that give rise to the allegation
- Invite the institution to provide a written response within 20 business days
- Request specified documents and information from the institution within the same 20-day period
- Appoint an Investigation Officer — the Secretary General, General Counsel, or an independent expert — to conduct the investigation

During the Formal Investigation, the institution is obliged to:

- Provide all documents and information requested by the Investigation Officer within the specified timeframe
- Make relevant personnel available for interview — by video conference if in-person is not practicable
- Not destroy, conceal, or alter any documents relevant to the investigation
- Not tip off any person against whom the investigation has implications under applicable AML law

The Investigation Officer will produce an Investigation Report setting out: the facts found; the SFSA standards applicable; whether in the Investigation Officer's view those standards have been breached; and a recommended enforcement response. The Investigation Report is provided to the institution before any enforcement decision is made.

3.5 Stage 4 — Enforcement Hearing

Before any sanction is imposed (other than emergency interim measures), the institution has the right to an Enforcement Hearing. The Hearing is conducted before:

- The Secretary General (for minor and moderate breaches — informal written or video hearing)
- The Council (for material and severe breaches — formal hearing before the full Council or a Panel of three Council members)

The institution is entitled to:

- Receive the Investigation Report in advance of the Hearing — minimum 10 business days before
- Present written submissions in response to the Investigation Report
- Appear at the Hearing in person or by video conference
- Be represented by legal counsel
- Call witnesses and present evidence
- Challenge the factual findings of the Investigation Report

The Hearing Panel will deliberate in private and issue a written Enforcement Decision within 20 business days of the Hearing, setting out: its findings of fact; its conclusions on whether SFSA standards were breached; the sanction imposed (if any); and the institution's right to appeal.

3.6 Stage 5 — Sanction

The following sanctions are available to the SFSA, in ascending order of severity:

Sanction	When Applicable	Effect
Private Reprimand	Minor breach, first instance, fully remediated	Written reprimand recorded in SFSA file; not published; no Register change
Public Reprimand	Minor to moderate breach; repeated minor breach; partial remediation	Published on SFSA website and noted on Register; institution must publish a corrective notice
Conditions	Moderate breach; ongoing risk requiring monitoring	Specific operational conditions imposed on the SFSA Authorisation — restrictions on new clients, products, or geographies
Financial Penalty (contractual)	Material breach; significant harm to clients or SFSA integrity	Contractual penalty as specified in the Authorisation Agreement — payable to the SFSA for reinvestment in regulatory infrastructure; enforceable as a debt under English law
Suspension	Material to severe breach; pending investigation or remediation	SFSA Authorisation suspended; institution must remove SFSA mark; status changed on Register; clients notified
Revocation	Severe breach; persistent non-compliance; criminal conduct; unremediable failure	SFSA Authorisation revoked; institution permanently removed from Register; 12-month bar on re-application; national regulators notified

3.7 Contractual Financial Penalty

The SFSA Authorisation Agreement specifies the following contractual financial penalties, which are agreed liquidated damages for breach of SFSA standards — not regulatory fines:

Breach Category	Contractual Penalty	Notes
Failure to submit Annual Regulatory Report on time	CHF 500 per week of delay	Accrues automatically; notified by Secretariat
Failure to notify a material change within 5 business days	CHF 5,000 per unreported change	Per occurrence
Unauthorised use of SFSA Authorisation Mark post-suspension	CHF 10,000 per day of continued use	Immediate; enforceable as debt
Material AML/CFT breach	CHF 25,000–250,000	Council determination; based on severity and harm
Material capital adequacy breach	CHF 25,000–250,000	Council determination; based on severity and duration
Provision of false information to SFSA	CHF 50,000–500,000	Plus referral to national authorities; revocation
Persistent or severe non-compliance	CHF 100,000–1,000,000	Council determination; reserved for egregious conduct

NOTE These penalties are agreed contractual liquidated damages, not regulatory fines imposed by a sovereign authority. They are enforceable in the English courts as debt claims under the Authorisation Agreement. The SFSA does not have sovereign power to levy regulatory fines — its financial penalties derive entirely from contract.

Section 4 — Right of Appeal

4.1 Internal Appeal

An institution that receives an Enforcement Decision imposing a sanction has the right to appeal to the SFSA Appeal Panel within 20 business days of receiving the Decision. The Appeal Panel comprises:

- Three members — none of whom sat on the original Enforcement Hearing Panel
- At least one independent external member — not a member of the SFSA Council or Secretariat, but a qualified lawyer or former financial regulator appointed ad hoc for the appeal

The Appeal Panel may: uphold the Enforcement Decision; reduce or vary the sanction; overturn the Enforcement Decision; or remit the matter for a fresh Enforcement Hearing. The Appeal Panel's decision is final within the SFSA's internal process.

4.2 External Arbitration

Following exhaustion of the internal appeal process, an institution that disputes the outcome may refer the matter to LCIA arbitration under the governing law and dispute resolution clause in Section 2.2. The arbitral tribunal may review the Enforcement Decision on the grounds of:

- Error of English law — the Decision applied an incorrect legal standard
- Breach of natural justice — the institution was not given a fair opportunity to be heard
- Manifest factual error — the Decision is based on facts that are demonstrably wrong
- Disproportionate sanction — the sanction is grossly disproportionate to the breach

The arbitral tribunal may not substitute its own regulatory judgment for that of the SFSA Council on questions of regulatory policy or standards — it may only correct legal errors, procedural failures, factual errors, and grossly disproportionate sanctions.

4.3 Emergency Interim Measures — Appeal

Where the SFSA has imposed Emergency Interim Measures — suspension of SFSA Authorisation pending investigation — the institution may apply to the LCIA for emergency arbitrator relief within 5 business days of the Emergency Interim Measures taking effect. The emergency arbitrator will assess whether the Emergency Interim Measures are: (a) contractually permitted under the Authorisation Agreement; (b) not manifestly disproportionate; and (c) made in good faith. If the institution satisfies all three limbs, the emergency arbitrator may order the SFSA to lift the Emergency Interim Measures pending the outcome of the formal investigation.

Section 5 — Tier 2: The SFSA Enforcement Tribunal

TIER II	SFSA Enforcement Tribunal — Sector Specialist	Target: Year 2–3

5.1 The Case for a Dedicated Tribunal

The Tier 1 framework — internal enforcement procedures backed by LCIA arbitration under English law — is fully operational and legally sound. It is, however, a general framework applied to a specialist sector. As the SFSA's Authorised Institution population grows and the space economy financial sector develops, a dedicated SFSA Enforcement Tribunal will provide:

- Sector expertise — Tribunal members with direct space economy, financial regulation, and space law expertise, rather than general commercial arbitrators
- Precedent — published Tribunal decisions that build a body of space economy financial regulatory jurisprudence, creating predictability and reducing disputes
- Speed — specialist Tribunal procedures designed for financial regulatory enforcement, faster than LCIA arbitration for routine matters
- Credibility — a dedicated Tribunal signals to UNOOSA, IOSCO, FSB, and national regulators that the SFSA has a mature and independent enforcement infrastructure

5.2 Tribunal Structure

The SFSA Enforcement Tribunal will comprise:

- A President of the Tribunal — a senior lawyer or former judge with financial regulatory and international law expertise, appointed by the SFSA Council for a 3-year renewable term
- A panel of 6–10 Tribunal Members — drawn from space law, financial regulation, commercial arbitration, and the space industry — from which panels of 1 or 3 are constituted for individual cases
- A Tribunal Registrar — an administrative officer managing Tribunal proceedings, records, and publication of decisions

5.3 Tribunal Jurisdiction

The SFSA Enforcement Tribunal will have jurisdiction over:

- Enforcement proceedings brought by the SFSA against SFSA-Authorised Institutions for breach of SFSA standards
- Appeals from SFSA Enforcement Decisions (replacing the internal appeal process for Tribunal-track matters)
- Disputes between SFSA-Authorised Institutions arising from their space economy financial services activities — if both parties consent to Tribunal jurisdiction
- Disputes between space economy clients and SFSA-Authorised Institutions — if the client's contract with the institution provides for SFSA Tribunal jurisdiction

5.4 Tribunal Governing Law

The SFSA Enforcement Tribunal will apply English law as its primary governing law, consistent with the Tier 1 framework. As space law develops, the Tribunal will progressively incorporate:

- Space law principles — applying treaty obligations, UNOOSA guidance, and ITU regulations as mandatory context for any dispute involving orbital assets, launch contracts, or spectrum rights
- SFSA regulatory standards — treating SFSA IGNs and the formal Regulatory Framework as the primary regulatory standard, with English law filling gaps
- Comparative space financial law — drawing on emerging national space economy financial regulations (UAE Space Regulatory Policies, US Commercial Space Launch Act, Luxembourg Space Act 2017, UAE Federal Law on the Regulation of the Space Sector) as persuasive authority

5.5 Publication of Decisions

All SFSA Enforcement Tribunal decisions will be published on sfsa.org, subject to:

- Redaction of commercially sensitive information that is not material to the legal principles decided
- Anonymisation at the institution's request for decisions involving minor breaches where no public interest in identification exists
- Confidentiality orders in exceptional cases where publication would prejudice ongoing national regulatory or criminal proceedings

Publication of decisions serves two purposes: it builds the body of space economy financial regulatory jurisprudence; and it provides the deterrent effect of transparency that is essential to the SFSA's regulatory credibility.

5.6 Tribunal Establishment Timeline

The SFSA Enforcement Tribunal is targeted for establishment in Year 2–3, subject to:

- Sufficient SFSA-Authorised Institution population to justify the cost and infrastructure of a dedicated Tribunal — target threshold: 5 or more Authorised Institutions
- Identification and appointment of a suitable President of the Tribunal — from the SFSA's Advisory Committee network, former IOSCO or FSB officials, or the international commercial arbitration bar
- Council adoption of the SFSA Tribunal Rules — procedural rules governing Tribunal proceedings, to be developed by the General Counsel in consultation with the Tribunal President
- Funding — Tribunal costs will be met from a Tribunal Levy charged to SFSA-Authorised Institutions as part of their annual supervisory levy

Section 6 — Tier 3: Space Law Transition Protocol

TIER III	Space Law Transition — Orbital Jurisdiction	Future state — treaty-dependent

6.1 The Anticipated Development of Space Law

The international legal framework for the space economy is in active development. Several significant developments are anticipated in the period 2025–2040:

Development	Anticipated Timeline	SFSA Relevance
UNCITRAL Model Law on Space Resources	2026–2030	Provides first international framework for private property rights in space resources — directly relevant to in-space asset collateral (IGN-005 Section 6.3)
Artemis Accords — financial provisions	Ongoing	US-led bilateral agreements on space resource extraction and in-orbit operations; developing norms for commercial space activity
UNCOPUOS space economy working group	2025–2030	COPUOS has established working groups on space resources; financial regulatory implications increasingly on agenda
National space economy financial regulations	2025–2035	Multiple jurisdictions developing space-specific financial regulations — Luxembourg, UAE, US, Japan, New Zealand; convergence will eventually demand international coordination
International Space Station successor — commercial stations	2030+	Commercial orbital platforms will require financial regulatory frameworks — insurance, liability, banking services in orbit
Lunar Gateway and deep space commerce	2030–2040	Financial services for lunar economy — resource extraction, tourism, manufacturing — will require frameworks beyond terrestrial law

6.2 The SFSA's Role in Space Law Development

The SFSA is not a passive recipient of whatever space law framework eventually emerges. It is an active participant in shaping it. The SFSA's strategy for influencing the development of space financial law includes:

- UNOOSA engagement — positioning the SFSA as the technical expert body on space economy financial regulation in COPUOS discussions, contributing to working group papers, and submitting formal inputs to the UNOOSA Global Space Law project
- UNCITRAL engagement — engaging with UNCITRAL Working Group VI (Security Interests) on the treatment of space assets as collateral in the UNCITRAL Model Law framework

- National regulator engagement — building bilateral relationships with FINMA, FCA, Bank of Lithuania, UAE Space Regulatory Office, and other national regulators developing space financial regulation, ensuring SFSA standards inform national approaches
- Academic partnership — working with the University of Geneva, Leiden University, and McGill Institute of Air and Space Law to produce research papers and draft treaty provisions on space economy financial regulation
- IOSCO and FSB engagement — presenting the SFSA's regulatory framework to IOSCO and FSB as a model for international space economy financial standard-setting, seeking affiliate status that positions the SFSA as the natural body to be referenced in any multilateral space financial law treaty

6.3 The Transition Protocol

The SFSA Transition Protocol provides the mechanism by which the SFSA's enforcement framework migrates from English common law (Tier 1) and the SFSA Tribunal (Tier 2) to an applicable space law framework (Tier 3) as and when such a framework is established. The Protocol operates as follows:

Trigger Events for Transition

The Council may initiate a Transition Review upon the occurrence of any of the following Trigger Events:

- Entry into force of a multilateral treaty or convention establishing a financial regulatory or dispute resolution framework specifically applicable to the space economy
- Establishment by an internationally recognised body (UNCITRAL, IOSCO, FSB, or equivalent) of a space economy financial regulatory framework that is adopted by the home jurisdictions of a majority of SFSA-Authorised Institutions
- Establishment of an international space economy court or arbitral body with jurisdiction over space economy financial disputes that meets the SFSA's minimum standards for independence, procedural fairness, and enforceability

Transition Review Process

Upon a Trigger Event, the Council will:

1. Commission a Transition Assessment from the General Counsel, assessing the new space law framework against the SFSA's enforcement standards — independence, procedural fairness, enforceability, sector expertise, and compatibility with existing Authorisation Agreements
2. Publish the Transition Assessment for comment by SFSA-Authorised Institutions and the Advisory Committee — minimum 60-day consultation period
3. Make a Transition Decision — determining whether the new space law framework is adequate to replace or supplement the existing Tier 1/Tier 2 enforcement framework

4. If transition is approved: amend the SFSA Authorisation Agreement template to incorporate the new space law framework; notify all existing Authorised Institutions; and set a transition date not less than 12 months from the Transition Decision

Partial Transition

The Transition Protocol recognises that space law will develop unevenly — some aspects of space financial regulation (e.g. space resource property rights) may be codified in international law long before others (e.g. space economy banking regulation). The SFSA will adopt partial transitions where appropriate — incorporating specific space law provisions as they become established, while retaining English law as the residual governing law for matters not yet addressed by space law.

Continuity of Existing Agreements

The Transition Protocol is designed to ensure that transition to a space law framework does not disrupt existing SFSA Authorisation Agreements. All enforcement proceedings commenced before the transition date will be completed under the pre-transition framework. All Authorisation Agreements entered into before the transition date will be governed by their original governing law until their next annual renewal, at which point the updated template incorporating the space law framework will apply.

6.4 The SFSA as the Institutional Anchor of Space Financial Law

The ultimate vision for the SFSA in the Tier 3 framework is not merely to adopt whatever space law emerges — but to be the institutional body that gives that law its financial regulatory content. The SFSA's ambition is to occupy the role that IOSCO occupies in terrestrial securities regulation: the international standard-setter whose frameworks are incorporated by reference into national and international space financial law, whose authorisation marks are recognised by sovereign regulators, and whose Tribunal decisions are cited as authoritative precedent by space economy courts worldwide.

PRECEDENT Just as the Chicago Convention (1944) codified the voluntary standards that IATA had been developing since 1919, and just as the Basel Accords codified the BIS's voluntary capital standards, the SFSA anticipates that the eventual multilateral treaty on space economy financial regulation will codify standards that the SFSA has spent years developing, testing, and refining through its Authorised Institution population. The voluntary framework is not a placeholder — it is the prototype for the future law.

Section 7 — Inter-Regulator Cooperation and Information Sharing

7.1 Cooperation Framework

The SFSA's enforcement effectiveness depends in part on its relationships with national financial regulators, national space regulators, and international bodies. The SFSA will establish cooperation frameworks with these bodies, both to receive information relevant to its enforcement functions and to share information that is relevant to national enforcement.

7.2 Cooperation with National Financial Regulators

The SFSA will seek to establish Memoranda of Understanding (MOUs) with national financial regulators in the jurisdictions where SFSA-Authorised Institutions are incorporated or primarily operate. These MOUs will provide for:

- Mutual notification — each party will notify the other of enforcement actions taken against entities regulated by both
- Information sharing — on a request basis, subject to applicable data protection and confidentiality law
- Referral protocols — agreed procedures for referral of matters from the SFSA to national regulators and vice versa
- Joint enforcement — in appropriate cases, coordinated enforcement action where an entity is regulated by both the SFSA and a national regulator

Priority MOU targets:

- FINMA (Switzerland) — as the home regulator of Space Bank AG
- Bank of Lithuania (if Space Bank Europe is established)
- FCA (United Kingdom) — given English law as governing law and LCIA as arbitration seat
- UAE Space Regulatory Office — given UAE's leading position in commercial space development
- JAFZA / DIFC (Dubai) — if DIFC law is adopted as a supplementary governing law option

7.3 Whistleblower Protection

The SFSA is committed to protecting individuals who provide information about potential breaches of SFSA standards in good faith. The SFSA's whistleblower framework provides:

- A dedicated secure channel — encrypted submissions accepted at secretariat@sfsa.org; anonymous submissions accepted
- Confidentiality — the identity of a whistleblower will not be disclosed to the institution under investigation without the whistleblower's explicit consent, except where required by applicable law
- No retaliation — the SFSA will not take action against a whistleblower for making a good faith submission; any SFSA-Authorised Institution that retaliates against an individual for making a good faith submission to the SFSA will be subject to immediate enforcement proceedings

- EU Whistleblower Directive compliance — the SFSA's whistleblower framework is designed to be consistent with Directive 2019/1937 on the protection of persons who report breaches of Union law, adopted by EU member states by December 2021

Section 8 — Framework Evolution and Review

8.1 Annual Review

The SFSA Enforcement Framework will be reviewed annually by the Secretary General and the General Counsel, with input from the Council's legal and regulatory member. The review will assess:

- The effectiveness of the Tier 1 framework — have enforcement matters been handled efficiently and fairly? Have any LCIA arbitrations been commenced? What were the outcomes?
- Progress toward Tier 2 — is the SFSA-Authorised Institution population sufficient to justify Tribunal establishment? Have suitable Tribunal President candidates been identified?
- Space law developments — have any Trigger Events occurred or are any imminent? What is the state of COPUOS, UNCITRAL, and IOSCO discussions on space economy financial regulation?
- National regulatory landscape — have any national jurisdictions enacted space economy financial regulations that require the SFSA framework to be updated for coherence?

8.2 Relationship to the SFSA Regulatory Framework

This IGN-006 will be superseded, in whole or in part, by the formal SFSA Enforcement Rules adopted by the Council as part of the formal SFSA Regulatory Framework. The Council's adoption of formal Enforcement Rules is targeted for Year 2, following the establishment of the SFSA Tribunal. Until that adoption, IGN-006 has full force and effect as the SFSA's enforcement standard, pursuant to Article 30 of the SFSA Association Statutes.

8.3 The Long View

The SFSA's enforcement framework is designed for a journey, not a destination. The framework that governs Space Bank AG's SFSA Authorisation today — English common law, LCIA arbitration, contractual penalties — will not be the same framework that governs the thousandth SFSA-Authorised Institution in 2045, when humanity has permanent commercial infrastructure on the Moon, in cislunar space, and possibly beyond. The three tiers are not merely a legal architecture — they are a statement of the SFSA's conviction that the space economy will have a mature, internationally recognised financial regulatory framework, and that the SFSA will have played a central role in building it.

PRECEDENT 'The age of chivalry is gone. That of sophisters, economists, and calculators has succeeded; and the glory of Europe is extinguished forever.' Edmund Burke wrote those words as the old order of Europe was being swept away by revolution. He was wrong — a new order emerged, more durable and more prosperous than what it replaced. The space economy does not lack law. It is in the process of creating it. The SFSA is part of that creation.

Annex A — Enforcement Procedure Summary

The following table summarises the complete SFSA enforcement procedure for reference.

Stage	Who	Timeline
Detection	Secretariat / Third party / Self-referral	Ongoing
Preliminary Assessment	Secretary General	15 business days from detection
Close / Informal Notice / Open Investigation / Emergency Interim Measures	Secretary General	Within 15-day preliminary assessment period
Institution response to Informal Notice	Institution	10 business days from receipt
Formal Investigation opened — notice issued	Secretary General / Investigation Officer	Within 5 business days of decision to open
Institution response to Formal Investigation	Institution	20 business days from receipt of notice
Investigation Report produced	Investigation Officer	30 business days from receipt of institution response
Investigation Report provided to institution	Secretariat	Immediately upon completion
Institution response to Investigation Report	Institution	10 business days from receipt
Enforcement Hearing	Secretary General / Council Panel	Within 20 business days of institution response
Enforcement Decision issued	Secretary General / Council	Within 20 business days of Hearing
Institution appeal (if applicable)	Institution	20 business days from receipt of Decision
Appeal Panel decision	Appeal Panel	Within 30 business days of appeal submission
LCIA arbitration (if pursued)	Institution (claimant)	After exhaustion of internal appeal; LCIA Rules apply
National regulator referral (where applicable)	Secretary General	At any stage — no exhaustion of internal process required

Annex B — Governing Law Comparative Analysis

The following table summarises the SFSA's analysis of alternative governing law options considered before selecting English common law as the Tier 1 anchor.

Governing Law	Score	Assessment
English Common Law	★★★★★	Selected. Global primacy in international commercial contracts; strongest arbitration infrastructure (LCIA); New York Convention enforceability in 170+ countries; common law gap-filling tradition; UK Space Industry Act familiarity.
Swiss Law	★★★★☆	Strong neutral jurisdiction; natural for Swiss-incorporated SFSA; excellent arbitration (Swiss Rules). Smaller body of international precedent. Retained as an alternative seat option for Swiss-domiciled disputes.
New York Law	★★★☆☆	Dominant in US capital markets but creates ITAR/EAR complexity for non-US space economy entities. Less appropriate for European and international SFSA framework.
DIFC Law (English common law in Dubai)	★★★☆☆	Interesting future option given Dubai's space ambitions. Currently insufficient recognition outside GCC for SFSA's international enforcement needs.
French Law	★★☆☆☆	Civil law tradition less suited to gap-filling in novel sectors. ICC arbitration strong but Paris seat less universally recognised than London for financial regulatory disputes.
Space Law (current)	★☆☆☆☆	Not yet applicable to financial regulatory disputes. Outer Space Treaty and associated instruments address state liability, not private financial regulation. Tier 3 destination, not Tier 1 starting point.

SPACE FINANCIAL SERVICES AUTHORITY

The world's first financial regulatory body dedicated to the space economy

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