SPACE FINANCIAL SERVICES AUTHORITY

SFSA

INTERIM GUIDANCE NOTE

IGN-007

Sandbox Rules and Innovation Framework

Creating space for what has never been done before

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Applies to	All applicants for and participants in the SFSA Regulatory Sandbox
Read alongside	IGN-001 Section 9; IGN-002 Section 2; IGN-005; IGN-006

Executive Summary

The space economy is, by definition, a frontier. The financial services that support it are equally novel — instruments, products, and business models that do not exist yet, serving clients whose assets are in orbit, whose revenues are years away, and whose risk profiles have no historical precedent. No existing regulatory framework was designed for this. The SFSA Regulatory Sandbox exists to ensure that regulation does not become the obstacle that prevents the space economy's financial architecture from being built.

This Interim Guidance Note (IGN-007) sets out the complete rules, procedures, and framework governing the SFSA Regulatory Sandbox — the controlled environment in which financial institutions with genuinely novel space economy business models can operate, test, and iterate under SFSA oversight, with defined relaxations from the full baseline standards of IGN-001, while maintaining the non-negotiable floors of AML/CFT compliance and fit-and-proper governance.

PLAIN TERMS IGN-007 is the rulebook for the SFSA Sandbox — a supervised space where genuinely novel space-economy business models can operate, test, and improve, with some of IGN-001's full standards relaxed. Two things are never relaxed: AML/CFT compliance and fit-and-proper governance.

IGN-007 covers: the philosophy and purpose of the SFSA Sandbox; eligibility criteria; the three-stage sandbox journey (Entry, Operation, Graduation); the specific standard relaxations available in the sandbox; client and volume limits; reporting requirements; the innovation pipeline — the mechanism by which sandbox learnings feed directly into SFSA regulatory standard development; and the Space Bank AG sandbox framework as the inaugural reference case.

INNOVATION NOTE The SFSA Sandbox is not a soft option or a regulatory shortcut. It is a structured, supervised, time-limited environment for genuine innovation. Entry is selective. Standards are real. The non-negotiables are absolute. What the Sandbox provides is time, support, and proportionality — the space for an innovator to prove their model works before being held to the full standards designed for mature, scaled institutions.

Section 1 — Philosophy and Purpose of the SFSA Sandbox

1.1 Why a Regulatory Sandbox?

The conventional regulatory model — set the standards, then enforce them — works well for established industries with known risk profiles and proven business models. It does not work well for genuinely novel sectors. Applied too early and too rigidly to an emerging industry, regulation prevents the experimentation that would reveal what the right standards should be. The result is a regulatory framework built on assumptions rather than evidence.

The space economy financial services sector is in exactly this position. SFSA baseline standards (IGN-001) are calibrated to what a space economy bank or financial institution should look like once it has proven its model and is operating at scale. They are deliberately demanding. But the path from a novel business idea to a scaled, compliant institution cannot be navigated in a single step. The Sandbox provides the bridge.

1.2 The SFSA Sandbox is Not a Loophole

The SFSA Sandbox is emphatically not a mechanism for avoiding regulatory standards. The following principles are absolute and apply in the Sandbox without relaxation:

- AML/CFT — full compliance with IGN-003 is required from day one of Sandbox participation. There is no such thing as a sandbox exception to money laundering prevention.
- Fit-and-proper — all directors, senior managers, and beneficial owners of Sandbox participants must meet the fit-and-proper requirements of IGN-001 Section 3 in full.
- Client disclosure — all Sandbox clients must receive the SFSA prescribed disclosure (IGN-001 Section 7.2) and a Sandbox-specific addendum (see Section 4.3 of this IGN) making clear that the institution is operating under relaxed standards.
- SFSA reporting — Sandbox participants report quarterly rather than annually; the reporting obligation is more intensive, not less.
- National regulatory requirements — SFSA Sandbox participation does not in any way substitute for, or excuse non-compliance with, applicable national financial regulatory requirements.

PLAIN TERMS The Sandbox is not a way to dodge regulation. Five things are never relaxed, no matter how novel your business model.

1.3 The Three Purposes of the SFSA Sandbox

The SFSA Sandbox serves three distinct purposes:

Purpose	What It Means	Who Benefits
Space for genuine innovation	Novel business models that do not fit neatly within existing SFSA or national	Space economy fintech founders, early-stage space

Purpose	What It Means	Who Benefits
	regulatory categories can operate, test, and refine their model without the full weight of mature institutional standards from day one	banks, novel payment and settlement providers
Evidence generation	The Sandbox generates real-world data on how novel space economy financial models perform in practice — data that the SFSA uses to calibrate its regulatory standards over time	The SFSA Regulatory Framework — sandbox learnings feed directly into future IGN revisions and formal Framework provisions
Regulatory relationship building	Sandbox participants develop a working relationship with the SFSA Secretariat from the earliest stage of their development — creating a collaborative, transparent regulatory dialogue rather than an adversarial inspection regime	Both participants and the SFSA — mutual understanding of what works, what doesn't, and what the right standards should be

Section 2 — Eligibility for SFSA Sandbox Participation

2.1 The Innovation Test

The first and most important eligibility criterion for the SFSA Sandbox is genuine innovation. This means the applicant must demonstrate that:

- Its business model constitutes a novel approach to providing Space Economy Financial Services that does not have a direct analogue in existing regulated financial services; OR
- Its business model constitutes a direct analogue of an existing financial service but is applied to the space economy in a way that creates materially novel risk, operational, or jurisdictional characteristics requiring regulatory exploration; OR
- It is applying to operate a technology or platform that could fundamentally change how space economy financial services are delivered, but whose regulatory treatment is unclear or untested.

PLAIN TERMS You qualify if any one of these is true: your business model has no real precedent in regulated financial services — or it is a familiar financial service, but applying it to space creates genuinely new risk or jurisdictional questions — or you are building a technology or platform that could change how space finance works, and nobody's regulatory treatment of it is settled yet.

Mere novelty is not sufficient — a conventional bank that happens to serve some space economy clients is not a sandbox candidate. The novelty must be material, the regulatory challenge genuine, and the potential contribution to the space economy financial ecosystem significant.

2.2 The Readiness Test

The Sandbox is not an idea competition. Applicants must demonstrate operational readiness:

- A defined, documented business model — not a concept note but a real business plan (IGN-002 Template C standard)
- A real product or service that will be provided to real clients during the Sandbox period — not a simulation or paper exercise
- The resources — financial, human, and technological — to operate during the Sandbox period without reliance on Sandbox relaxations beyond those specifically requested
- A credible transition plan demonstrating how the institution will achieve full compliance with SFSA baseline standards within the Sandbox period

2.3 The Space Economy Nexus Test

All SFSA Sandbox participants must demonstrate a genuine and material connection to the space economy, consistent with the SFSA's mandate. The space economy nexus must be central to the business model, not incidental. An institution that provides general financial services but has one space economy client does not qualify.

2.4 Non-Negotiable Eligibility Requirements

Regardless of how innovative or compelling a business model is, the following are absolute requirements that cannot be satisfied during a Sandbox period — they must be met before entry:

- Legal incorporation — the applicant must be a properly incorporated legal entity in at least one recognised jurisdiction
- Fit-and-proper — all directors, senior managers, and beneficial owners at or above 10% must meet the IGN-001 Section 3 standard in full
- AML/CFT framework — a basic AML/CFT policy and a qualified MLRO must be in place before the first client is onboarded
- National requirements — any national financial regulatory licence, registration, or notification required by the laws of the applicant's home jurisdiction must be in place or applied for before Sandbox entry
- No prior SFSA Authorisation revocation — an institution whose previous SFSA Authorisation has been revoked within the last 24 months may not apply for Sandbox entry

2.5 Priority Sandbox Categories

The SFSA particularly welcomes Sandbox applications from the following categories of space economy financial innovation, which represent the frontier of what the SFSA's regulatory framework needs to learn about:

A	**Orbital Settlement and Payment Systems** *Novel payment, clearing, and settlement infrastructure designed for low-latency or autonomous orbital transactions — including in-space payment rails, orbital central counterparties, and satellite-based financial data networks*
B	**In-Space Asset Finance** *Structured finance, secured lending, or leasing products where the primary collateral is an in-orbit asset — a satellite, orbital slot, constellation share, or in-space manufactured component*
C	**Space Economy Insurance Innovation** *Parametric insurance, satellite launch insurance, constellation coverage, and novel risk transfer mechanisms for space assets and liabilities*
D	**Decentralised Space Finance (DeSFi)** *Blockchain-based or decentralised financial infrastructure designed specifically for the space economy — including orbital stablecoins, space economy tokenised assets, and smart-contract-based space insurance*
E	**Space Economy Trade Finance**

	Novel trade finance instruments designed for the specific characteristics of space commerce — multi-jurisdictional, long settlement timelines, pre-revenue counterparties, dual-use technology
F	**Lunar and Deep-Space Financial Services** *Financial services designed for permanent commercial human presence beyond Earth orbit — lunar banking, in-space resource transaction settlement, deep-space commerce finance*

Section 3 — The Three-Stage Sandbox Journey

Every SFSA Sandbox participant progresses through three stages. The duration and specific conditions of each stage are tailored to the participant's business model and transition plan, within the outer limits set by this IGN-007.

Stage 1 — Entry

1	**Entry Stage — Sandbox Authorisation Granted** *Duration: up to 6 months from Sandbox Authorisation. Proof of concept phase.*

The Entry Stage begins upon grant of SFSA Sandbox Authorisation. Its purpose is to allow the participant to begin serving real clients under real-world conditions with the most significant standard relaxations, while the SFSA Secretariat closely monitors operations and the participant establishes its internal infrastructure.

Entry Stage — Standard Relaxations Available

- Capital: minimum CHF / € 50,000 (versus CHF / € 100,000 for full Sandbox Authorisation and CHF / € 1,000,000 for full Authorisation)
- Client limits: maximum 10 clients during the Entry Stage — all clients must be professional clients or institutional counterparties; no retail clients
- Transaction volume: maximum CHF / € 500,000 total transaction volume during the Entry Stage
- Product scope: limited to the specific products and services described in the Sandbox application — no expansion without SFSA approval
- Governance: simplified board — minimum 2 directors (versus 3 recommended for full Authorisation); Audit and Finance Committee not required in Entry Stage
- Reporting: monthly operational report to SFSA Secretariat (see Section 5)
- External audit: not required in Entry Stage — replaced by SFSA Secretariat review

Entry Stage — Non-Relaxable Requirements

- AML/CFT: full IGN-003 compliance — no relaxation
- Fit-and-proper: full IGN-001 Section 3 compliance — no relaxation
- Client disclosure: SFSA prescribed disclosure plus Sandbox addendum — no relaxation
- Sanctions screening: full IGN-003 Section 5 compliance — no relaxation
- SFSA reporting: monthly — more intensive than full Authorisation
- National regulatory requirements: all applicable — no relaxation

Entry Stage — SFSA Support

During the Entry Stage, the SFSA Secretariat provides enhanced support to the participant:

- Dedicated Sandbox Liaison — a named contact at the SFSA Secretariat for all regulatory queries
- Monthly check-in call — 30-minute video call between the participant's compliance officer and the SFSA Sandbox Liaison
- Regulatory interpretation — the SFSA will provide informal written interpretations of how SFSA standards apply to specific transactions or products the participant is developing, within 10 business days of request
- Early warning — the SFSA will alert the participant if its Monthly Operational Reports suggest a risk of breach before any formal enforcement action is taken, giving the participant the opportunity to self-correct

Stage 2 — Operation

2	**Operation Stage — Sandbox in Full Deployment** *Duration: up to 12 months. Scaled operations under proportionate standards.*

The Operation Stage begins when the participant has successfully completed the Entry Stage — demonstrated by: at least 3 months of clean Monthly Operational Reports; no enforcement concerns raised by the SFSA; and a credible path to the transition plan milestones. The Operation Stage allows the participant to scale its operations within defined limits while progressively building the infrastructure required for full SFSA Authorisation.

Operation Stage — Standard Relaxations Available

- Capital: minimum CHF / € 100,000 (full Sandbox minimum — must be met before entering Operation Stage)
- Client limits: maximum 50 clients — professional and institutional; retail clients permitted with enhanced client protection measures (see Section 4.4)
- Transaction volume: maximum CHF / € 5,000,000 total transaction volume during the Operation Stage
- Product scope: may expand to additional products with SFSA approval — each expansion requires a product approval request (Section 4.5)
- Governance: board of minimum 3 directors required by end of Operation Stage; Audit and Finance Committee must be established
- Capital adequacy: simplified Pillar 1 only — no ICAAP required during Operation Stage (but must be in place for Graduation)
- Reporting: quarterly operational report (see Section 5)
- External audit: required for Operation Stage — annual, but may be a review engagement rather than a full audit

Operation Stage — Milestones

Every Sandbox participant must achieve the following milestones by the end of the Operation Stage:

1. Full IGN-001 capital adequacy compliance — capital at or above full Authorisation minimum
2. Full board composition — 3+ directors, at least 1 independent
3. AML/CFT audit completed — external auditor's clean opinion obtained
4. Technology infrastructure — core banking or payment platform fully operational and audited
5. ICAAP prepared — even if not yet submitted to SFSA, must be complete and board-approved
6. National licence — if required for the participant's activities, applied for and in progress
7. Client fund segregation — full IGN-001 Section 5.3 compliance implemented

Stage 3 — Graduation

3	**Graduation Stage — Transition to Full SFSA Authorisation** *Duration: up to 6 months. Final compliance build and full Authorisation application.*

The Graduation Stage is the final phase of the Sandbox journey. It begins when the participant has completed all Operation Stage milestones and applies to graduate to full SFSA Authorisation. During the Graduation Stage, the participant operates at full operational scale but under close SFSA oversight while completing the remaining elements needed for full Authorisation.

Graduation Stage — Requirements

- Submit a complete SFSA full Authorisation application (IGN-002 Template A) within 30 days of entering the Graduation Stage
- All standard relaxations from Stages 1 and 2 are progressively removed during the Graduation Stage — the participant must achieve full IGN-001 compliance by the end of the Graduation Stage
- Client limits removed — the Graduation Stage participant may onboard clients without volume restriction, subject to its AML/CFT onboarding capacity
- Transaction volume limits removed
- Full ICAAP submitted to SFSA Secretariat
- Full external audit completed and submitted
- All national licence requirements satisfied

Graduation Stage — SFSA Assessment

During the Graduation Stage, the SFSA Secretariat conducts a Graduation Assessment — a comprehensive review of the participant's compliance with all SFSA baseline standards. The Graduation Assessment covers:

- All IGN-001 baseline standards — full compliance check
- AML/CFT framework quality — review of IGN-003 compliance and the external AML audit
- Capital adequacy — review of the ICAAP and Pillar 1 calculations
- Governance — assessment of board composition, independence, and effectiveness
- Technology and operations — assessment of core banking/payment infrastructure
- Client protection — review of client disclosure, complaints handling, and fund segregation

The Graduation Assessment results in a formal recommendation to the Council to grant or defer full SFSA Authorisation. The Council makes the final decision.

Section 4 — Sandbox Conditions and Client Protections

4.1 Sandbox Authorisation Duration

SFSA Sandbox Authorisation is granted for an initial period of 18 months, comprising Entry Stage (up to 6 months) and Operation Stage (up to 12 months). The Graduation Stage commences upon the participant's application for full Authorisation and may last up to a further 6 months.

Total maximum Sandbox duration: 24 months from Sandbox Authorisation to full Authorisation decision.

NOTE The Sandbox period may be extended by the Council in exceptional circumstances — for example, where a participant's novel business model requires additional time to generate sufficient operational data for a Graduation Assessment, or where a material external factor (national regulatory delay, technology development) has impacted the transition plan timeline. Extensions require a formal Council resolution and are limited to a maximum of 6 additional months.

4.2 Volume and Client Limits — Summary

Parameter	Entry Stage	Operation Stage
Minimum capital	CHF / € 50,000	CHF / € 100,000
Maximum clients	10 (professional/institutional only)	50 (retail permitted with enhanced protections)
Maximum transaction volume	CHF / € 500,000 total	CHF / € 5,000,000 total
Maximum single client exposure	CHF / € 100,000	CHF / € 500,000
Geographic scope	Home jurisdiction only	Up to 3 jurisdictions with SFSA approval
Product scope	Application products only	Approved expansions permitted
Reporting frequency	Monthly	Quarterly
External audit	Not required	Review engagement (annual)
Board minimum	2 directors	3 directors (by end of stage)

4.3 Mandatory Sandbox Client Disclosure

In addition to the standard SFSA prescribed disclosure (IGN-001 Section 7.2), every Sandbox participant must provide all clients with the following Sandbox Addendum Disclosure before the client relationship is established:

SFSA SANDBOX CLIENT DISCLOSURE ADDENDUM — MANDATORY

[Institution name] is currently operating under SFSA Sandbox Authorisation — reference [SFSA-SB-YYYY-NNN]. SFSA Sandbox Authorisation means that [institution name] is operating under a subset of the full SFSA baseline standards, with certain standard relaxations as specified in SFSA IGN-007. In particular:

- *The institution's minimum capital is lower than that required of a fully Authorised SFSA institution.*
- *The institution operates under client and transaction volume limits.*
- *SFSA Sandbox Authorisation does not guarantee that the institution will achieve full SFSA Authorisation.*

Your deposits or funds held by [institution name] are not covered by any national depositor protection scheme by virtue of SFSA Sandbox Authorisation alone. You should satisfy yourself that the institution's financial standing is adequate for the services you intend to use before committing funds.

4.4 Retail Client Protections

Retail clients may only be onboarded by Sandbox participants in the Operation Stage and above, subject to the following enhanced protections:

- Retail client cap during Operation Stage: maximum 20% of total client base may be retail clients
- Maximum retail client exposure: CHF / € 50,000 per retail client
- Enhanced suitability assessment: mandatory for all retail clients — the institution must assess and document that the client understands the Sandbox nature of the institution and the risks involved
- 30-day cooling-off period: retail clients have 30 days from the date of the first transaction to close their account and recover their funds without penalty
- Dedicated retail complaints channel: Sandbox participants with retail clients must maintain a dedicated complaints handling procedure for retail clients, with escalation to the SFSA Secretariat if not resolved within 15 business days

4.5 Product Expansion Approval

A Sandbox participant wishing to expand its product or service offering beyond those described in its original Sandbox application must submit a Product Expansion Request to the SFSA Secretariat, containing:

- Description of the new product or service
- Assessment of the novel risks introduced by the new product
- Updated AML/CFT risk assessment
- Updated capital adequacy assessment (if the new product creates additional capital requirements)
- Client disclosure update — how will existing and new clients be informed of the new product?

The SFSA Secretariat will review and respond to a Product Expansion Request within 20 business days. Approval may be granted unconditionally, granted with conditions, or refused. The participant may not offer the new product or service until approval is received.

Section 5 — Reporting Requirements for Sandbox Participants

5.1 Monthly Operational Report — Entry Stage

During the Entry Stage, Sandbox participants must submit a Monthly Operational Report to the SFSA Secretariat within 10 business days of each month-end. The report must cover:

Client numbers	Total clients onboarded in the month; total cumulative clients; breakdown by client type (professional, institutional)
Transaction volumes	Total transaction volume in the month; total cumulative volume; breakdown by product type
AML/CFT activity	Number of EDD cases opened; number of SARs filed (reference numbers only); any sanctions screening alerts and their resolution
Capital position	Current capital level; comparison to minimum requirement; any movement in capital position
Operational incidents	Any technology failures, data breaches, operational disruptions, or client complaints — regardless of materiality
Transition plan progress	Status of each milestone in the approved transition plan; any delays and management actions
Regulatory developments	Any national regulatory developments, licence applications, or regulatory correspondence relevant to the Sandbox activity
Key questions for SFSA	Any regulatory interpretation questions or issues the participant wishes to raise with the Sandbox Liaison

5.2 Quarterly Operational Report — Operation Stage

During the Operation Stage, Sandbox participants submit a Quarterly Operational Report within 15 business days of each quarter-end. The Quarterly Report covers the same content as the Monthly Report, but with additional depth:

- Financial statements — unaudited quarterly profit and loss and balance sheet
- Capital adequacy calculation — Pillar 1 calculation for the quarter
- AML/CFT quarterly review — MLRO's assessment of the AML/CFT framework's effectiveness during the quarter
- Innovation insights — the participant's observations on how its novel business model is performing; what has worked, what has not; what regulatory questions have emerged that the SFSA's framework does not yet address
- Client feedback — summary of client satisfaction and any client-raised concerns about the Sandbox nature of the institution

5.3 Immediate Notifications

In addition to periodic reporting, Sandbox participants must notify the SFSA Secretariat immediately — within 2 business days — upon the occurrence of any of the following:

- Any client loss or potential client loss attributable to the Sandbox participant's financial position or operational failure
- Any breach or potential breach of a Sandbox volume or client limit
- Any AML/CFT alert that results in a SAR filing
- Any national regulatory enquiry, inspection, or enforcement action
- Any material technology failure affecting the participant's ability to service clients
- Any change in directors, senior managers, or beneficial owners
- Any material adverse development in the participant's financial position

SANDBOX LIMIT Failure to file an immediate notification when required is a material breach of Sandbox Authorisation conditions. The SFSA will treat repeated late notifications as grounds for early termination of Sandbox Authorisation. The Sandbox is built on trust and transparency — withholding information from the SFSA during the Sandbox period is incompatible with participation.

Section 6 — The SFSA Innovation Pipeline

6.1 Purpose of the Innovation Pipeline

The SFSA Regulatory Sandbox is not merely a supervisory accommodation for individual institutions — it is the SFSA's primary mechanism for learning what the right regulatory standards for the space economy should be. The Innovation Pipeline is the structured process by which insights generated in the Sandbox flow directly into SFSA regulatory standard development, ensuring that the SFSA's framework evolves on the basis of evidence, not assumption.

6.2 Innovation Insights — Collection

Throughout their Sandbox participation, institutions are required and encouraged to document and share with the SFSA the regulatory questions, business model learnings, and risk observations that their operations generate. These Innovation Insights are collected through:

- The 'Key questions for SFSA' section of each Monthly / Quarterly Operational Report
- The 'Innovation insights' section of the Quarterly Operational Report
- Dedicated Innovation Dialogue sessions — optional quarterly calls between Sandbox participants and the SFSA Secretary General or General Counsel, specifically focused on regulatory innovation questions
- The Graduation Assessment — which includes a dedicated Innovation Learning section capturing the participant's assessment of which SFSA standards were well-calibrated, which were poorly calibrated, and what novel standards may be needed for the space economy sector the participant serves

6.3 Innovation Insights — Processing

The SFSA Secretariat will review all Innovation Insights and, on a semi-annual basis, publish an SFSA Innovation Pipeline Report summarising:

- The regulatory questions most frequently raised by Sandbox participants
- Areas where existing SFSA standards are well-calibrated — confirmed by Sandbox evidence
- Areas where existing SFSA standards appear to be poorly calibrated — either too stringent for the actual risk profile, or insufficiently stringent
- Novel risk categories that Sandbox operations have revealed, not covered by any existing SFSA standard
- Proposed regulatory responses — draft IGN provisions or formal Regulatory Framework provisions that the Innovation Pipeline evidence suggests should be developed

INNOVATION NOTE The SFSA Innovation Pipeline Report is a public document, published on sfsa.org. It is the SFSA's commitment to regulatory transparency: we will tell the space economy financial community what we are learning, what we are revising, and what we intend to do about it. The SFSA does not make regulatory standards in secret.

6.4 Innovation Insights — Outcome

Innovation Pipeline insights lead to one or more of the following regulatory outcomes:

Insight Type	Regulatory Outcome	Timeline
Standard well-calibrated	Confirmation published in Innovation Pipeline Report; no change to SFSA standards	Semi-annual report
Standard too stringent for risk profile	Consultation on relaxation of IGN provision; if confirmed, amendment of relevant IGN	6–12 months
Standard insufficiently stringent	Emergency guidance note if urgent; IGN amendment if non-urgent; formal Regulatory Framework provision if structural	3–18 months
Novel risk category not covered	New IGN published to address the gap; existing IGNs updated for coherence	12–24 months
Novel business model requiring new regulatory category	New SFSA Authorisation category created; new IGN and Framework provisions	18–36 months
Space law gap identified	SFSA position paper submitted to UNOOSA / COPUOS / UNCITRAL; IGN-006 Transition Protocol reviewed	Ongoing

6.5 The Innovation Advisory Panel

To ensure that the Innovation Pipeline generates high-quality regulatory insights rather than simply capturing individual institutions' compliance difficulties, the SFSA will constitute an Innovation Advisory Panel comprising:

- 2–3 Sandbox participants (rotating)
- 1 SFSA Council member (the Space Industry seat)
- 1 SFSA Advisory Committee member (fintech / BaaS category)
- The Secretary General (chair)
- The General Counsel

The Innovation Advisory Panel meets semi-annually to review the draft Innovation Pipeline Report before publication and to provide input on the regulatory implications of Sandbox learnings. Its proceedings are confidential but its outputs — the Innovation Pipeline Report — are public.

Section 7 — Early Termination of Sandbox Authorisation

7.1 Voluntary Exit

A Sandbox participant may voluntarily exit the Sandbox at any time by notifying the SFSA Secretariat in writing with 30 days' notice. Upon voluntary exit:

- The participant must immediately cease onboarding new clients
- Existing client relationships must be wound down within 90 days of exit, or transferred to a fully Authorised institution if the SFSA approves
- The participant must remove all SFSA Sandbox Authorisation marks and disclosures from its materials within 5 business days
- A voluntary exit does not preclude a future application for SFSA Sandbox Authorisation or full SFSA Authorisation, provided the reasons for exit do not reflect a fundamental flaw in the business model or a regulatory concern

7.2 SFSA-Initiated Early Termination

The SFSA may terminate Sandbox Authorisation before the end of the Sandbox period in the following circumstances:

- Material breach of Sandbox conditions — client or volume limits exceeded; mandatory disclosures not provided; reporting obligations persistently missed
- AML/CFT failure — any material AML/CFT failure, regardless of whether it would be grounds for enforcement against a fully Authorised institution
- Fit-and-proper failure — a director, senior manager, or beneficial owner fails the fit-and-proper standard
- National regulatory action — the participant's national financial regulatory licence is revoked or suspended
- Business model failure — the participant is no longer capable of carrying out the activities described in its Sandbox application
- Failure to progress — the participant has made no material progress toward its transition plan milestones after 12 months of Sandbox participation

Early termination follows the enforcement procedure in IGN-006, with the following modifications for Sandbox participants:

- Notice period: 10 business days' notice of proposed termination (versus standard investigation timeline) — reflecting the urgency of client protection in a Sandbox context
- Client wind-down: SFSA will require a Client Wind-Down Plan within 5 business days of termination decision
- Public notice: SFSA will publish a notice on sfsa.org of the early termination and the general grounds — without prejudicing ongoing enforcement proceedings

7.3 Failure to Graduate

A Sandbox participant that has reached the end of its maximum 24-month Sandbox period without achieving full SFSA Authorisation must:

- Cease onboarding new clients immediately
- Submit a Client Transition Plan within 10 business days — setting out how existing client relationships will be wound down or transferred
- Remove all SFSA marks and disclosures within 5 business days

A participant that fails to graduate may re-apply for Sandbox Authorisation after a cooling-off period of 12 months, provided the reasons for failure to graduate have been resolved.

Section 8 — Space Bank AG — Inaugural Sandbox Reference Case

8.1 Space Bank AG Sandbox Position

Space Bank AG is the inaugural SFSA-Authorised Institution and, during its initial phase of operation, the inaugural participant in the SFSA Regulatory Sandbox. As the world's first bank dedicated exclusively to the space economy, Space Bank AG represents the clearest possible case for Sandbox participation: genuinely novel, materially important, and without regulatory precedent.

8.2 Space Bank AG Sandbox Authorisation Terms

SFSA Sandbox Authorisation Number	SFSA-SB-2025-001
Entity	Space Bank AG, Canton of Zug, Switzerland
Entry Stage start	[Date of incorporation + FINMA sandbox notification]
Operation Stage start	[Target: Month 4 from Entry Stage start]
Graduation Stage start	[Target: Month 16 from Entry Stage start]
Maximum Sandbox duration	24 months from Entry Stage start
National regulatory framework	FINMA Regulatory Sandbox (Art. 6 BankO) — parallel to SFSA Sandbox
BaaS provider	Swan (or approved alternative) — operating under Swan's EMI licence during Sandbox phase
Entry Stage capital	CHF 100,000 (above SFSA Entry Stage minimum of CHF 50,000)
Entry Stage client limit	10 professional / institutional clients
Entry Stage transaction volume	CHF 500,000
Priority client categories	Space satellite operators; launch service providers; space economy investors; space technology companies
Priority products	Deposit accounts; international payments; FX; basic trade finance for launch contracts
Sandbox Liaison	SFSA Secretary General (Gilles Rollet) — direct line during inaugural phase

8.3 Space Bank AG Transition Plan — Summary

Space Bank AG's transition plan from Sandbox to full SFSA Authorisation is structured around the parallel FINMA regulatory pathway:

Milestone	Target Timeline	SFSA / FINMA Action
SFSA Sandbox	Month 0	SFSA: Register entry SFSA-SB-2025-001;

Milestone	Target Timeline	SFSA / FINMA Action
Authorisation granted		sandbox mark issued
FINMA sandbox notification filed	Month 0–1	FINMA: notification acknowledged; Space Bank AG operates under Art. 6 BankO
First 3 clients onboarded	Month 1–2	SFSA: Entry Stage Month 1 report reviewed
CHF 100,000 capital confirmed	Month 0 (at incorporation)	SFSA / FINMA: capital confirmation on file
External AML auditor appointed	Month 3	SFSA: confirmation received
Entry Stage review	Month 6	SFSA: Entry Stage assessment; progress to Operation Stage approved
FINMA FinTech Licence application filed	Month 3–4	FINMA: application under review (6-month timeline)
Board expanded to 3+ directors	Month 6	SFSA: board composition confirmed
FINMA FinTech Licence granted	Month 9	FINMA: licence granted; SFSA Register updated to reflect FINMA FinTech licence
Capital increased to CHF 300,000+	Month 9	SFSA / FINMA: capital confirmation; SFSA Operation Stage volume limits updated
ICAAP prepared and board-approved	Month 12	SFSA: ICAAP submitted with Q4 Quarterly Report
Graduation Stage — full Authorisation application	Month 16	SFSA: Graduation Assessment commenced
Full SFSA Authorisation granted	Month 18–20	SFSA: full Authorisation; Register updated; sandbox mark replaced by full Authorisation mark
Capital increased to CHF 1,000,000	Month 18–24	SFSA: full bank Authorisation capital confirmed

8.4 The Space Bank AG Sandbox as Innovation Benchmark

Space Bank AG's Sandbox journey will generate the most important body of space economy financial regulatory evidence the SFSA has ever had access to. Every client onboarded, every transaction processed, every AML/CFT decision made, and every regulatory question encountered will feed directly into the Innovation Pipeline (Section 6) and shape the next generation of SFSA regulatory standards.

INNOVATION NOTE Space Bank AG is not just the first bank in the space economy. It is the first regulated financial institution in the space economy. Its Sandbox experience is the SFSA's laboratory — the place where the theory of space economy financial regulation meets the reality of space economy clients, orbital asset transactions, dual-use technology financing, and the extraordinary complexity of building a bank for a frontier that humanity is still in the process of reaching. The standards that emerge from this experience will be the standards that govern the space economy's financial infrastructure for decades.

Section 9 — Future Sandbox Innovation Categories

The following table maps the anticipated evolution of the SFSA Sandbox as the space economy develops. It is not exhaustive — the SFSA expects the space economy to generate novel business models that are not yet imaginable. The Sandbox framework is designed to accommodate them.

Time Horizon	Anticipated Novel Business Models	SFSA Sandbox Response
2025–2027 Near Earth	BaaS-model space economy challenger banks; parametric satellite launch insurance; constellation financing SPVs; dual-use technology trade finance	Entry Stage relaxations as in this IGN; Innovation Pipeline captures first generation of evidence
2027–2030 Low Earth Orbit at scale	Orbital payment rails — low-latency settlement between LEO constellations and ground; in-orbit manufacturing finance; space tourism premium finance; orbital data monetisation structures	New IGN covering orbital payment systems; sandbox categories for in-orbit financial operations; UNCITRAL engagement on orbital asset security interests
2030–2035 Cislunar economy	Lunar surface banking infrastructure; cislunar cargo finance; space resource extraction pre-export finance; lunar real estate finance (leasehold of surface areas)	SFSA Tribunal established; Tier 3 transition protocol activated for UNCITRAL space resource framework; new SFSA Authorisation category for cislunar financial institutions
2035+ Deep space and permanent human presence	Interplanetary payment infrastructure; space-based monetary systems; orbital sovereign wealth funds; human capital finance for deep space missions	SFSA positioning as anchor institution for multilateral space financial law treaty; possible SFSA relocation of registered seat to an orbital or lunar jurisdiction (if legally constituted)

NOTE The final row of this table — SFSA relocation to an orbital or lunar jurisdiction — is included not as a near-term operational plan but as a statement of institutional ambition. If humanity establishes permanent commercial governance structures in space, the SFSA intends to be part of them. The Swiss Verein that governs the SFSA today is the terrestrial ancestor of the institution that will one day regulate finance beyond Earth.

Annex A — SFSA Sandbox Application Checklist

Use this checklist to verify completeness before submitting a Sandbox Authorisation application. A complete application must include all mandatory items. Incomplete applications will be returned without assessment.

#	Item	Mandatory?
1	Completed SFSA Application Form (IGN-002 Template A) — marked as Sandbox application	Yes
2	Fit-and-proper declarations (IGN-002 Template B) for all directors, senior managers, and UBOs	Yes
3	Business plan (IGN-002 Template C standard) — specific to Sandbox activities	Yes
4	Description of the novel element of the business model — why does this require Sandbox participation?	Yes
5	Sandbox transition plan — how will the institution achieve full IGN-001 compliance within 24 months?	Yes
6	Specific standard relaxations requested — which IGN-001 standards cannot be met at entry, and why?	Yes
7	AML/CFT policy — basic version acceptable for Entry Stage	Yes
8	MLRO appointment and CV	Yes
9	Capital evidence — bank statement or equivalent confirming minimum Entry Stage capital	Yes
10	Incorporation documents — certificate of incorporation, articles, commercial register extract	Yes
11	National regulatory status — confirmation of applicable national licences held or applied for	Yes
12	Technology infrastructure description — what platform will be used to deliver services?	Yes
13	Client target profile — who are the first 10 clients (by description, not name)?	Yes
14	Product description — what specific products/services will be offered in the Sandbox?	Yes
15	Risk assessment — what are the key risks of this business model and how will they be managed?	Yes
16	Application fee — CHF 2,000 (Sandbox rate) payment confirmation	Yes
17	Innovation narrative — what does the SFSA need to learn from this Sandbox that it cannot learn any other way?	Strongly recommended
18	Financial projections — 24-month P&L and capital plan	Strongly recommended
19	Letters of support from potential clients or partners	Optional but helpful

SPACE FINANCIAL SERVICES AUTHORITY

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

Canton of Valais, Switzerland · sfsa.org · secretariat@sfsa.org