

LAW OF JULY 20TH 2017 ON THE EXPLORATION AND USE OF SPACE RESOURCES

This is the English translation of the French original text.

"Loi du 20 juillet 2017 sur l'exploration et l'utilisation des ressources de l'espace."

The French version prevails.

Article 1.

Space resources are capable of being owned.

Article 2.

(1) No person can explore or use space resources without holding a written mission authorisation from the minister or ministers in charge of the economy and space activities (hereinafter "the ministers").

(2) No person shall be authorised to carry out the activity referred to in paragraph 1 either through another person or as an intermediary for the carrying out of such activity.

(3) The authorised operator may only carry out the activity referred to in paragraph 1 in accordance with the conditions of the authorisation and the international obligations of Luxembourg.

(4) This Law shall not apply to satellite communications, orbital positions or the use of frequency bands.

Article 3.

The authorisation shall be granted to an operator for a mission of exploration and use of space resources for commercial purposes upon written application to the ministers.

Article 4.

The authorisation for a mission shall only be granted if the applicant is a public company limited by shares (*société anonyme*) or a corporate partnership limited by shares (*société en commandite par actions*) or a private limited liability company (*société à responsabilité limitée*) of Luxembourg law or a European Company (*société européenne*) having its registered office in Luxembourg.

Article 5.

The authorisation is personal and non-assignable.

Article 6.

The application for authorisation must be accompanied by all such information as may be useful for the assessment thereof as well as by a mission program.

Article 7.

(1) The authorisation shall be subject to the production of evidence showing the existence in Luxembourg of the central administration and of the registered office, including the administrative and accounting structures of the operator to be authorised.

(2) The operator to be authorised shall have a robust scheme of financial, technical and statutory procedures and arrangements through which the exploration and utilization mission, including the commercialisation of space resources are planned and implemented. The operator to be authorised shall furthermore have a robust internal governance scheme, which includes in particular a clear organisational structure with well defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks it is or might be exposed to, and adequate internal control mechanisms, including sound administrative and accounting procedures, as well as control and security arrangements for its technical systems and applications.

(3) The arrangements, processes, procedures and mechanisms referred to in this article shall be comprehensive and proportionate to the nature, scale and complexity of the risks inherent to the business model of the operator to be authorised as well as to the mission for which the authorisation is sought.

Article 8.

(1) The authorization shall be subject to the communication to the ministers of the identity of the shareholders or members, whether direct or indirect, natural or legal persons, that have direct or indirect holdings of at least 10 per cent of the capital or of the voting rights in the operator, and of the amount of such holdings or, if such 10 per cent threshold is not met, the identity of the twenty largest shareholders or members.

The authorisation shall be refused if, taking into account the need to ensure a sound and prudent operation, the suitability of those shareholders or members is not satisfactory.

(2) The concept of sound and prudent operation is assessed in accordance with the following criteria:

- a) the good reputation of the operator to be authorised and the shareholders and members referred to in paragraph 1 ;
- b) the good reputation, knowledge, skills and experience of any member of the management body of the shareholders or members referred to in paragraph 1;
- c) the financial soundness of the shareholders and members referred to in paragraph 1 ;
- d) whether there are reasonable grounds to suspect that money laundering or terrorist financing is being or has been committed or attempted in relation to the proposed exploration mission or the proposed utilization of space resources or that such exploration mission or such utilization could increase the risk thereof.

The good reputation of the members of the management body of the shareholders or members referred to in paragraph 1 shall be assessed in accordance with the terms of article 9, paragraph 1, second sentence.

Article 9.

(1) The authorisation shall be subject to the condition that the members of the management body of the operator shall at all times be of sufficiently good reputation and possess sufficient knowledge, skills and experience to perform their duties. Such good reputation shall be assessed on the basis of police records and of any evidence tending to show that the persons concerned are of good reputation and offer every guarantee of irreproachable conduct.

(2) At least two persons must be responsible for the management of the operator. Those persons must be empowered to effectively determine the direction taken by the business. They must possess adequate professional experience by virtue of their having previously carried out similar activities at a high level of responsibility and autonomy in the space industry or in a related sector.

(3) Any change in the persons referred to in paragraph 1 shall be communicated in advance to the ministers. The ministers may request all such information as may be necessary regarding the persons who may be required to fulfil the legal requirements with respect to good reputation and professional experience. The ministers shall refuse the proposed change if these persons are not of adequate professional reputation or do not have sufficient professional experience or where there

are objective and demonstrable grounds for believing that the proposed change would pose a threat to the sound and prudent management of the operation.

(4) Granting the authorisation implies that the members of the management body shall, on their own initiative, notify in writing and in a complete, coherent and comprehensive form, to the ministers any change regarding the substantial information on which the ministers based their investigation of the application for the authorisation.

Article 10.

(1) The application for the authorisation must be accompanied by a risk assessment of the mission. It shall specify the coverage of these risks by personal financial means, by an insurance policy of an insurance undertaking not belonging to the same group than the operator to be authorised or by a guarantee of a credit institution not belonging to the same group than the operator to be authorised.

(2) The authorisation shall be conditional upon the existence of financial bases that are appropriate to the risks associated with the mission.

Article 11.

(1) The authorisation shall be conditional on the operator to be authorised having its annual accounts audited by one or more *réviseurs d'entreprises agréés* who can show that they possess adequate professional experience.

(2) Any change in the *réviseurs d'entreprises agréés* must be authorised in advance by the ministers.

(3) The rules in respect of commissaires, which may form a supervisory board as laid down in the Law of 10 August 1915 on commercial companies, as amended, only apply to operators where the Law on commercial companies mandatorily prescribes it even if there is a *réviseur d'entreprise*.

Article 12.

The authorisation shall describe the manner in which the operator to be authorised fulfils the conditions of articles 6 to 11, paragraph 1. It may in addition include provisions on :

- a) the activities to be carried on within the territory of the Grand Duchy or from such territory ;
- b) the limits that could be associated with the mission ;
- c) the modalities for the supervision of the mission ;
- d) the conditions for ensuring compliance by the operator to be authorised with its obligations ;

Article 13.

For each application for an authorisation, a fee shall be set by the ministers in order to cover the administrative expenses incurred in relation to the processing of the application. Such fee shall range from 5.000 to 500.000 euros depending on the complexity of the application and the amount of work involved.

A Grand-Ducal regulation shall determine the procedure applicable to the collection of such fee.

Article 14.

(1) The authorisation shall be withdrawn if the conditions for the granting thereof are no longer met.

(2) The authorisation shall be withdrawn if the operator does not make use thereof within thirty-six months of it being granted, renounces to it or has ceased to carry out his business for the preceding six months.

(3) The authorisation shall furthermore be withdrawn if it has been obtained through false statements or through any other irregular means.

Article 15.

The ministers are in charge of the continuous supervision of the missions for which an authorisation has been granted.

Article 16.

The operator that is granted an authorisation for a mission is fully responsible for any damage caused at the occasion of the mission, including at the occasion of all preparatory works and duties.

Article 17.

The granting of an authorisation for a mission does not dispense from the need to obtain other approvals or authorisations.

Article 18.

(1) Any person who contravenes or attempts to contravene the provisions of article 2 shall be punished by a term of imprisonment of between eight days and five years and a fine of between 5.000 and 1.250.000 euros or either one of those penalties.

(2) Any person who contravenes or attempts to contravene the provisions of articles 5, 9 paragraph 3 subparagraph 1, 11 paragraph 1 or 2 or that contravenes the terms and conditions of the authorisation shall be punished by a term of imprisonment of between eight days and one year and a fine of between 1.250 and 500.000 euros or either one of those penalties.

(3) Without prejudice to paragraphs 1 and 2, the court to which the matter is being referred, may declare the discontinuance of an operation contravening the provisions of the present law, under

a penalty the maximum of which shall not exceed 1.000.000 euros per day of infringement found.

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