

Proposal for a Space Asset Registration and Finance Ordinance (SARFO)

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Executive Summary

This is a preliminary ‘think piece’ on an important subject which the Asian Academy of International Law has produced for public discussion. The ideas contained in this paper are therefore of a preliminary nature and are subject to revision as the public discussion progresses.

The volume of space assets is expanding rapidly, yet there is no clear legal framework for recording and prioritising private rights in space assets to ensure transparency. This report argues that Hong Kong should enact a Space Asset Registration and Finance Ordinance (SARFO) to close that gap and provide certainty for the financing of space assets.

Hong Kong’s experience with aircraft finance shows how a robust legal infrastructure and targeted tax policy can catalyse an industry. The proposed legislation draws on this precedent and adapts features from the Cape Town Convention on International Interests in Mobile Equipment (Cape Town Convention) and its Space Protocol (Space Protocol), aiming to provide a clear, friendly and efficient legal framework as the foundation of the budding industry of financing space assets.

Because the Basic Law expressly preserves Hong Kong’s autonomy over civil aviation and its own aircraft register, but does not expressly address a space register, legislative clarification from the Standing Committee of the National People’s Congress may be needed to authorise a space registry. Once that constitutional hurdle is cleared, the proposed ordinance could position Hong Kong as one of Asia’s first common-law jurisdictions with a finance-grade space asset register. Paired with supportive tax measures, SARFO would give investors certainty and enable Hong Kong to capture a share of the growing space-finance market.

Introduction

Commercial space activities are shifting from one-off missions to capital-intensive constellations and in-orbit services, but a central, trusted register of space assets remains lacking. The core international registries do not record private-law rights: the Register of Objects Launched into Outer Space kept by the United Nations Office for Outer Space Affairs (UNOOSA) records only basic launch/orbital information supplied by States, and the International Telecommunication Union (ITU)'s Master International Frequency Register (MIFR) records frequency assignments for interference management. Meanwhile, the one international instrument designed to create a finance-grade registry for space assets, the Cape Town Convention's Space Protocol, has received only limited accessions and remains out of force. In this gap, ownership, leases and security interests in satellites and payloads lack predictable priority, raising financing costs.

SARFO is proposed to supply that missing infrastructure in Hong Kong.

Civil Aviation Registration Regime: A Precedent of Success

Hong Kong's success in aircraft registration and financing offers a valuable model for establishing a space asset registry. The civil aviation registry underpins a thriving aircraft leasing and financing industry, demonstrating how a reliable asset registration system can attract global business. Notably, since Hong Kong implemented special tax incentives in 2017 to spur aircraft leasing, the city has become a major Asian hub for aircraft finance. This success suggests that a well-designed registry, coupled with supportive legal and taxation regimes, can similarly catalyse the nascent space asset finance sector. In short, Hong Kong's civil aviation regime provides a precedent and practical blueprint for the proposed Space Asset Registration and Finance Ordinance to position Hong Kong as a leader in commercial space finance.

Constitutional Guarantee

The Hong Kong Special Administrative Region's (HKSAR) authority to maintain an independent civil aviation registry comes directly from Article 129 of the Basic Law¹, which provides that:

¹ Basic Law of the Hong Kong Special Administrative Region, art. 129, available at

The Hong Kong Special Administrative Region shall continue the previous system of civil aviation management in Hong Kong and keep its own aircraft register in accordance with provisions laid down by the Central People's Government concerning nationality marks and registration marks of aircraft.

Access of foreign state aircraft to the Hong Kong Special Administrative Region shall require the special permission of the Central People's Government.

However, there is no such express authorisation for a commercial space register. A critical question then is whether 'civil aviation' in Article 129 covers commercial space assets. In Hong Kong's legal context, 'civil aviation' has traditionally been understood to mean the operation of aircraft within the Earth's atmosphere (commercial air transport and general aviation), and the Basic Law's terms (e.g. 'aircraft register') reflect this traditional scope. Therefore, commercial spacecraft would not appear to be included in 'civil aviation' as traditionally defined, and any Hong Kong space asset registry would not simply derive from the plain wording of Article 129 as is.

Instead, legislative amendment or interpretation from the Standing Committee of the National People's Congress may be necessary to clarify this gap and clearly grant this autonomy to the HKSAR before a space asset registry may be established and maintained. This indicates that early engagement with the Standing Committee of the National People's Congress may be necessary to confirm and formalise that it is within Hong Kong's high degree of autonomy to establish a space registry.

Statutes

Hong Kong's civil aviation regime is grounded in the Civil Aviation Ordinance (Cap. 448) and its detailed subsidiary legislation. Cap. 448 is a short enabling statute that empowers the executive to implement the Convention on International Civil Aviation and regulate all aspects of air navigation. Under Cap. 448, the Air Navigation (Hong Kong) Order 1995 (Cap. 448C) (ANO) was enacted and has become the primary subsidiary legislation detailing aircraft registration, airworthiness,

<https://www.basiclaw.gov.hk/en/basiclaw/chapter5.html>

operations, and other technical rules.

Crucially, the ANO contains detailed provisions on aircraft registration mechanisms. Article 4 of the ANO designates the Chief Executive as the registration authority and authorises keeping a register of aircraft in either physical or electronic form. In practice, the governmental department responsible for the day-to-day administration of the aircraft register is the Civil Aviation Department (CAD).²

Eligibility and Procedure for Registration

In line with international practice, an aircraft may be registered in Hong Kong only if certain conditions are met: (a) it must not be concurrently registered in another jurisdiction (any foreign registration should cease upon Hong Kong registration); (b) a ‘qualified person’ (defined below) must hold the legal or beneficial ownership or charter interest; (c) the aircraft should not be ‘more suitably’ registered elsewhere (e.g. if its operations are primarily in another jurisdiction); and (d) registration should not be inexpedient to the public interest (Article 4(2)). These criteria ensure a genuine connection between Hong Kong and any aircraft on its register, preventing ‘flag of convenience’ situations where an aircraft with no Hong Kong nexus seeks a registration.

Hong Kong restricts aircraft registration to certain persons with ties to Hong Kong or the Chinese Mainland. Under Article 4(3) of the ANO, ‘qualified persons’ include: (i) the Government of Hong Kong or the Central People’s Government, (ii) Chinese citizens (including Hong Kong permanent residents of Chinese nationality), (iii) permanent residents of Hong Kong (of any nationality), and (iv) bodies incorporated under Hong Kong or PRC law with their principal place of business in Hong Kong or the Chinese Mainland.

In practice, this means an aircraft can be registered if either its owner or its operator (under a lease) is one of these qualified persons. Hong Kong’s register is thus an owner-and-operator registry: if a foreign owner leases an aircraft to a local airline, the local lessee (being a qualified person) can be recorded as the ‘registered owner’ for nationality purposes, even though it may not hold the legal

² Air Navigation (Hong Kong) Order 1995 (Cap. 448C), art. 4; Civil Aviation Department, ‘Frequently Asked Questions – Aircraft Registration’, available at <https://www.cad.gov.hk/english/faq.html>

title. This flexibility facilitates international leasing while upholding the principle that the operating base or ownership has local substance.

Conversely, if an aircraft on the register ceases to meet the eligibility conditions – for example, if a formerly qualified owner sells the aircraft to an unqualified person – the registration becomes legally void and the certificate of registration must be returned to the authority forthwith (Article 4(10)). This ensures the register remains accurate and confined to eligible owners or operators. Likewise, if a leasing arrangement that justified a registration ends, the aircraft must be deregistered in the absence of another qualified party to maintain it.

In order to register an aircraft, a qualified person must apply to the CAD, providing details of the aircraft and the owner/operator (Article 4(6)). In practice, CAD requires completion of a specified form (DCA 99) and may require a statutory declaration attesting to the truth of the particulars. Typical particulars recorded include the aircraft’s make, model, serial number, and the name and address of the registered owner.

Once the application is approved, the CAD enters the aircraft on the Hong Kong Civil Aircraft Register and issues a Certificate of Registration. This certificate serves as evidence of the aircraft’s nationality and registration. By law, the certificate must state key information: the registration mark and nationality, the aircraft’s manufacturer and description, its serial number, the name and address of the registered owner(s), the certificate number, and the date of issue (Article 4(7)–4(8)). However, the certificate (and underlying register) is not a document of title in the manner of a land registry deed. It does not definitively prove ownership or encumbrances – it merely reflects the person deemed ‘registered owner’ for regulatory purposes. Indeed, if the aircraft is registered in the lessee’s name, the certificate will list the lessee as ‘registered owner’ with a note if it is held under a charter by demise. The certificate and register do not record other interests such as charges or mortgages, although it is customary in the Hong Kong market for a financier to informally notify the CAD of a mortgage or charge.

In summary, the statutory scheme under Cap. 448 and the ANO provides Hong Kong with a robust legal infrastructure for aircraft registration – empowering the government to set the rules (via

subsidiary legislation), defining who and what may be registered, and establishing the procedures and legal effects of registration, while also including safeguards to uphold the integrity of the registry.

Security Interests in Aircraft: Recording, Priority and Enforcement

A key function of any asset finance registry is to accommodate security interests (such as mortgages or charges) and their enforcement. Under Hong Kong law, priority between multiple security interests in the same aircraft generally turns on ordinary property-law and equitable-priority rules, including time of creation and notice. Where the chargor is a Hong Kong-incorporated company or a registered non-Hong Kong company, timely Companies Registry registration is also critical because a registrable charge that is not registered within the statutory period is void against the company's liquidator and creditors.

Hong Kong's aircraft registration system interacts with secured financing primarily through general commercial law mechanisms rather than the aircraft register itself. There is no separate public register for aircraft mortgages maintained by the CAD. Instead, aircraft mortgages and charges are recorded, where applicable, through the Companies Registry, and priority is then assessed under Hong Kong commercial law.

If the aircraft owner is a Hong Kong-incorporated company (or a registered non-Hong Kong company), any mortgage or charge created over the aircraft must be registered as a charge with the Companies Registry under the Companies Ordinance (Cap. 622), ss. 334–336. The law requires filing of the charge within one month of its creation (ss. 335–336). Timely registration is vital: if a registrable charge is not registered within that period, the security interest is void against the company's liquidator and other creditors (s. 337).³ This rule incentivises financiers to register their aircraft mortgages promptly, as failure to do so can be fatal in insolvency and creditor-priority contests.

By contrast, the CAD's role in managing charges on aircraft is limited. It is customary for parties to

³ Companies Ordinance (Cap. 622), ss. 334–337; Companies Registry, Briefing Notes on Part 8 of the New Companies Ordinance, available at https://www.cr.gov.hk/en/companies_ordinance/docs/briefingnotes_parto8-e.pdf

informally notify the CAD of any mortgage or charge on a Hong Kong-registered aircraft, so that CAD is aware of such encumbrances⁴; but such disclosure is voluntary, not publicly searchable, and has no effect on third-party priority.

Enforcement and Insolvency

The legal system in Hong Kong provides robust protections for creditors in enforcing their rights. Typical aircraft lease agreements (whether operating leases or finance leases) include remedies such as termination of the lease, repossession of the aircraft, and recovery of damages/rent shortfall if the lessee defaults or becomes insolvent.

Self-help repossession is permitted so long as it can be done peacefully – a lessor can demand redelivery of the aircraft and, if necessary, physically retake it without court order provided no breach of peace occurs. In practice, cooperation of the lessee or a court injunction may usually be needed.

Notably, a common enforcement tool is an (often irrevocable) deregistration and export power of attorney granted by the owner to the mortgagee. Using this, a mortgagee may apply to the CAD to deregister the aircraft and export it if the debtor defaults, without needing the debtor's further consent, provided the power is valid and the mortgagee is entitled to rely on it. Market practice proceeds on the basis that the CAD should deal with an owner or mortgagee acting under a valid deregistration power of attorney; however, there appears to be no reported Hong Kong precedent involving enforcement against a commercial aircraft operator.⁵

In an insolvency scenario, Hong Kong's approach is creditor-friendly. If an airline operator/lessee enters liquidation, a lessor can recover its aircraft since title never vested in the debtor's estate. A secured creditor with a mortgage will similarly be entitled to enforce its security. An unregistered

⁴ Chambers and Partners, 'Aviation Finance & Leasing 2025: Hong Kong SAR, China Law & Practice', available at <https://practiceguides.chambers.com/practice-guides/aviation-finance-leasing-2025/hong-kong-sar-china>; King & Wood Mallesons, 'Aviation Finance & Leasing in Hong Kong', Lexology, 11 April 2019, available at <https://www.lexology.com/library/detail.aspx?g=1119fe4b-6736-44de-9e15-8cc00753d293>

⁵ Chambers and Partners, 'Aviation Finance & Leasing 2025: Hong Kong SAR, China Law & Practice', available at <https://practiceguides.chambers.com/practice-guides/aviation-finance-leasing-2025/hong-kong-sar-china>; King & Wood Mallesons, 'Aviation Finance & Leasing in Hong Kong', Lexology, 11 April 2019, available at <https://www.lexology.com/library/detail.aspx?g=1119fe4b-6736-44de-9e15-8cc00753d293>

mortgage, however, would be void against the liquidator, meaning the aircraft would be treated as an unencumbered asset for general creditors.

In sum, Hong Kong's regime improves transparency for purchasers and creditors by requiring public registration of company charges (on the Companies Registry's register) and by honouring contractual enforcement rights, while keeping the aircraft registry itself focused on nationality and operational status.

For any ensuing legal disputes, Hong Kong offers a robust judiciary and experienced legal professionals, which together support effective and efficient dispute resolution. This assures creditors that their contracts will be upheld and their rights enforceable, which lowers risk premiums and attracts more financing activity to the jurisdiction.

Tax Concessions for Aircraft Leasing Businesses

Hong Kong's attractiveness as an aircraft leasing hub was amplified by targeted tax concessions introduced in 2017. Prior to 2017, lessors in Hong Kong faced the standard profits tax rate (then 16.5%) on leasing income, which was not competitive with regimes in countries such as Ireland (12.5%) or Singapore (8%).

To remedy this, the Inland Revenue (Amendment) (No. 3) Ordinance 2017⁶ created a dedicated tax regime for qualifying aircraft lessors and aircraft leasing managers. Under the regime, a qualifying aircraft lessor (QAL), broadly a corporation carrying on qualifying aircraft leasing activities in Hong Kong⁷, is taxed on only 20% of its tax base (i.e. gross lease payments less deductible expenses excluding depreciation allowance) derived from qualifying aircraft leasing activities⁸. Moreover, the tax rate on that taxable portion is half the normal profits tax rate, i.e. 8.25% instead of 16.5%. The combined effect is an effective tax rate of 1.65% of the tax base ($8.25\% \times 20\% = 1.65\%$).⁹ This very favourable rate brought Hong Kong's effective tax on leasing profits down to the lowest among

⁶ Inland Revenue (Amendment) (No. 3) Ordinance 2017, available at <https://www.elegislation.gov.hk/hk/2017/9!en>

⁷ Inland Revenue Ordinance (Cap. 112), ss. 14G and 14H; Inland Revenue Department, 'Aircraft Leasing Tax Regime', available at https://www.ird.gov.hk/eng/tax/bus_ala.htm

⁸ Inland Revenue Ordinance (Cap. 112), ss. 14G and 14H; Inland Revenue Department, 'Aircraft Leasing Tax Regime', available at https://www.ird.gov.hk/eng/tax/bus_ala.htm

⁹ Inland Revenue Department, 'Aircraft Leasing Tax Regime', available at https://www.ird.gov.hk/eng/tax/bus_ala.htm

the major leasing jurisdictions at the time of introduction.

In addition, a qualifying aircraft leasing manager (QALM), broadly a Hong Kong company providing management services to affiliated lessors, such as arranging leases, financing or fleet management¹⁰, is also taxed at a concessionary rate on its income from those activities. Unlike lessors, managers do not get the 20% base reduction, so the effective rate is 8.25% on all taxable profits.

Both QALs and QALMs have to meet certain conditions: for instance, they must be centrally managed and controlled in Hong Kong, cannot be an aircraft operator, and must conduct only qualifying leasing or leasing management activities. Substance requirements were also built in to satisfy the OECD's Base Erosion and Profit Shifting (BEPS) standards (e.g. employing adequate full-time staff and incurring local expenditures commensurate with the business).

The regime was further expanded by the Inland Revenue (Amendment) (Aircraft Leasing Tax Concessions) Ordinance 2024¹¹. Among other amendments, it allows qualifying lessors to deduct the acquisition cost of aircraft, expands the regime to cover wet leases and funding leases, broadens the coverage of 'aircraft leasing activity' and removes the one-year minimum lease-term restriction.

The existing and evolving aircraft leasing tax regime has been instrumental in developing Hong Kong's aircraft leasing sector. By significantly reducing the tax on leasing profits, Hong Kong became more competitive with established leasing centres. Major aviation leasing companies have set up or expanded Hong Kong platforms to take advantage of the regime. Contemporaneous official forecasts projected that the regime would generate more than HKD 10 billion in profits-tax revenue and add more than HKD 430 billion to Hong Kong's GDP over 20 years.¹²

Thus, the aviation leasing tax regime provides a clear precedent for using tax policy to support asset finance: coupling a registry/legal framework with fiscal incentives can attract business volume and

¹⁰ Inland Revenue Ordinance (Cap. 112), s. 14J; Inland Revenue Department, 'Aircraft Leasing Tax Regime', available at https://www.ird.gov.hk/eng/tax/bus_ala.htm

¹¹ Inland Revenue (Amendment) (Aircraft Leasing Tax Concessions) Ordinance 2024, available at <https://www.ird.gov.hk/eng/pdf/2024ord005-e.pdf>; Inland Revenue Department, 'Aircraft Leasing Tax Regime', available at https://www.ird.gov.hk/eng/tax/bus_ala.htm

¹² Financial Services Development Council, Recommendations for Developing Hong Kong as an Aircraft Leasing and Financing Hub (FSDC, July 2017), available at https://www.fsd.org.hk/media/30yodket/aircraft-leasing-paper_e.pdf

build a critical mass of expertise. For SARFO's purposes, a similar approach, e.g. offering concessionary tax rates for qualifying space asset lessors or financiers, could be considered to jump-start the industry.

International Frameworks

This section examines the existing international frameworks concerning the registration of space assets and their implications for a potential Hong Kong register system.

Registration Convention and UNOOSA

The Convention on Registration of Objects Launched into Outer Space (Registration Convention) obliges a 'launching State'¹³ to maintain a national register for every space object it launches and to transmit basic information about those objects to the United Nations, where the Secretary-General maintains a central Register with full and open access (Article III). In practice, UNOOSA maintains this Register on behalf of the Secretary-General.

The Registration Convention codifies a two-tier system: national registries are created and maintained domestically, while the UN serves as a clearinghouse for selected data sent by States. The text makes three points that define this architecture: first, each launching State must keep 'an appropriate registry' (Article II(1)) and notify the UN that it exists; second, where more than one State is involved in a launch, the States choose which will be the State of registry (Article II(2)); and third, 'the contents of each registry and the conditions under which it is maintained shall be determined by the State of registry' (Article II(3)).

What the central Register actually contains is deliberately narrow. Article IV of the Registration Convention requires that States furnish, 'as soon as practicable', five categories of information for each object: (a) the name of the launching State(s); (b) a designator or registration number; (c) the date and location of the launch; (d) basic orbital parameters (nodal period, inclination, apogee, perigee); and (e) the object's general function. States may later add information or notify UNOOSA

¹³ Convention on Registration of Objects Launched into Outer Space 1975, art. I(a), available at <https://www.unoosa.org/oosa/en/ourwork/spacelaw/treaties/registration-convention.html>

when an object is no longer in orbit. This confirms the Register's public-law purpose: to identify which State bears jurisdiction and responsibility for a given space object. Its purpose is not to record private rights in the asset.¹⁴

UNOOSA publicly disseminates information provided for the United Nations Register as United Nations documents through its website. It has also maintained the Online Index of Objects Launched into Outer Space as a reference tool for accessing registration information, although UNOOSA currently notes that the Online Index and related export functionality are unavailable due to IT infrastructure changes.¹⁵ It remains a reference tool: it mirrors what States report; it does not adjudicate title, rank claims, or police private transfers. Although some registration submissions include owner or operator information as voluntary additional information, the field is not uniformly supplied and may not be promptly updated.

In line with the Registration Convention's two-tier system, UNOOSA also keeps an index of the notification of establishment of national registers,¹⁶ underscoring that the UN Register sits alongside and does not replace national registers.

In short, the Registration Convention and UNOOSA provide transparency and traceability at the national level. Their core objective is identification, a function long recognised in scholarship as the primary purpose of international registration of space objects. They are not designed to supply private-law certainty about ownership, security interests, or priority among competing claims.

ITU and Master International Frequency Register (MIFR)

The ITU administers a separate technical-regulatory system for radio frequencies and satellite orbits. Through the MIFR, the ITU records frequency assignments, together with their particulars, as notified by national administrations under Article 11 of the Radio Regulations, with the objective

¹⁴ Convention on Registration of Objects Launched into Outer Space 1975, arts. III–IV, available at <https://www.unoosa.org/oosa/en/ourwork/spacelaw/treaties/registration-convention.html>; United Nations Office for Outer Space Affairs, 'United Nations Register of Objects Launched into Outer Space', available at <https://www.unoosa.org/oosa/en/spaceobjectregister/index.html>

¹⁵ United Nations Office for Outer Space Affairs, 'United Nations Register of Objects Launched into Outer Space', available at <https://www.unoosa.org/oosa/en/spaceobjectregister/index.html>

¹⁶ United Nations Office for Outer Space Affairs, 'National Registries of Objects Launched into Outer Space', available at <https://www.unoosa.org/oosa/en/spaceobjectregister/national-registries/index.html>

of avoiding harmful interference. Its Space Services Department processes, examines and publishes notices submitted by administrations and records frequency assignments to space systems, Earth stations and radio astronomy stations in the MIFR. Therefore, the MIFR is a registration system for radio frequencies, not for private interests such as ownership, security interests or priority among claims.¹⁷

Cape Town Convention and Space Protocol

The Cape Town Convention creates a uniform secured-transactions framework built around (i) the creation of an ‘international interest’ in defined categories of high-value mobile equipment, (ii) an electronic, notice-based International Registry, (iii) simple first-to-file priority rules, and (iv) robust default and insolvency remedies. Importantly, Article 29 provides that a registered interest has priority over later registrations and over unregistered interests, even if the registered interest was acquired with actual knowledge of the competing interest. This provides significant certainty to the stakeholders who register their rights on the register.¹⁸

The text of the Cape Town Convention envisages expansion to various categories of assets through equipment-specific protocols. Among the protocols subsequently concluded, the Space Protocol (adopted in Berlin, 2012) adapts the Cape Town Convention to ‘space assets’ (e.g. satellites, payloads and certain separately identifiable components such as transponders).¹⁹

The Space Protocol adapts the Cape Town Convention framework to the special nature of satellites and spacecraft. For example, it recognises that a space asset may not be readily susceptible to physical repossession and provides space-finance remedies: Article XIX permits the parties to agree to place command codes and related data and materials with another person to give the creditor an opportunity to take possession of, establish control over or operate the space asset. It also allows creditors to obtain debtor’s rights through a ‘rights assignment’ by way of security. That mechanism

¹⁷ International Telecommunication Union, ‘Master International Frequency Register (MIFR)’, available at <https://www.itu.int/en/ITU-R/terrestrial/broadcast/Pages/MIFR.aspx>; International Telecommunication Union, ‘Space Services Department’, available at <https://www.itu.int/en/ITU-R/space/Pages/default.aspx>

¹⁸ Convention on International Interests in Mobile Equipment 2001 (Cape Town Convention), art. 29, available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

¹⁹ Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Space Assets 2012 (Space Protocol), art. I(2)(k), available at <https://www.unidroit.org/instruments/security-interests/space-protocol/>

enables the creditor, following default, to enforce against debtor's rights relating to the space asset (rights to payment, etc.) rather than the space asset itself (Article XVIII). The Protocol also addresses remedies on insolvency and limitations on remedies where the space asset is used for the provision of a public service and a public service notice is registered.

However, the Space Protocol requires at least ten ratifications, acceptances, approvals or accessions, as well as certification that the International Registry is fully operational, before it takes effect (Article XXXVIII). Although more than a decade has passed since the Space Protocol's adoption, the Protocol remains not in force. As of June 2026, only Paraguay and the Democratic Republic of the Congo have acceded to it, and it remains well short of the threshold of ten States. Therefore, it is not expected that the Space Protocol will take effect or become widely accepted in the near future.²⁰

China is a party to the Cape Town Convention, but its application has not been extended to the HKSAR; China has not signed or acceded to the Space Protocol.²¹

Given the dormant status and limited membership of the Space Protocol, China's accession to the Space Protocol and extension of it to Hong Kong may not, by itself, be sufficient to create useful registry infrastructure for Hong Kong in the near term because the Protocol is not yet in force or widely adopted. That said, the concepts and provisions in the Cape Town Convention and the Space Protocol are useful references for a Hong Kong statute.

Proposed Legislation

The analysis above leads to the preliminary view that establishing a space asset registration regime through a proposed SARFO may open up significant market opportunities and position Hong Kong as a global hub for the registration and financing of space assets.

SARFO may draw from both domestic and international precedents and experience, notably the

²⁰ Space Protocol, art. XXXVIII; UNIDROIT, 'Status: Space Protocol', available at <https://www.unidroit.org/instruments/security-interests/space-protocol/status/>

²¹ UNIDROIT, 'Declarations Lodged by the People's Republic of China under the Cape Town Convention', available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/states-parties/d-china-ct/>; UNIDROIT, 'Status: Space Protocol', available at <https://www.unidroit.org/instruments/security-interests/space-protocol/status/>

ANO's registration provisions and the Cape Town Convention and Space Protocol provisions on definitions, priority and remedies. Importantly, the proposed registration regime would be more comprehensive than the aircraft registry established under the ANO because it would include information regarding not only the registered owner but also the title owner, operator, security interests, lease status and other information relevant to smooth and reliable finance administration.

The key provisions of the SARFO are set out below for consideration.

Scope and Definitions

Definitions²²

- 'debtor's rights' means rights to payment or other performance due or to become due to a debtor by any person with respect to a space asset;
- 'space' means outer space, including the Moon and other celestial bodies; and
- 'space asset' means any man-made uniquely identifiable asset in space or designed to be launched into space, and comprising
 - (i) a spacecraft, such as a satellite, space station, space module, space capsule, space vehicle or reusable launch vehicle, whether or not including a space asset falling within (ii) or (iii) below;
 - (ii) a payload (whether telecommunications, navigation, observation, scientific or otherwise) in respect of which a separate registration may be effected in accordance with the regulations; or
 - (iii) a part of a spacecraft or payload such as a transponder, in respect of which a separate registration may be effected in accordance with the regulations,

together with all installed, incorporated or attached accessories, parts and equipment and all

²² Space Protocol, art. I, available at <https://www.unidroit.org/instruments/security-interests/space-protocol/>

data, manuals and records relating thereto.

- ‘rights assignment’ means a contract by which the debtor confers on the creditor an interest (including an ownership interest) in or over the whole or part of existing or future debtor’s rights to secure the performance of, or in reduction or discharge of, any existing or future obligation of the debtor to the creditor which under the agreement creating or providing for the interest is secured by or associated with the space asset to which the agreement relates.

Scope²³

- This Ordinance shall apply only to civil or commercial space assets, and shall not apply to State space assets.
- Space assets used in governmental, military, customs and police services shall be deemed to be State space assets.

Registration²⁴

Authority for Registration and Maintenance of Register

1. The Chief Executive shall be the authority for the registration of space assets in Hong Kong and may designate a registrar (Registrar) to administer the register. The Chief Executive or Registrar may cause a register to be kept and may record therein the particulars specified in this section in either a legible or a non-legible form, so long as the recording is capable of being reproduced in a legible form.
2. An entry shall not be made, or shall cease to have effect, if it appears to the Chief Executive or Registrar that:
 - the space asset is registered outside Hong Kong and that registration does not automatically cease upon registration in Hong Kong;

²³ Convention on International Civil Aviation 1944, art. 3.

²⁴ Air Navigation (Hong Kong) Order 1995 (Cap. 448C), art. 4; Cape Town Convention, arts. 18–28; Space Protocol, art. XXXII.

- an unqualified person holds any legal or beneficial interest by way of ownership in the space asset or any share therein;
 - the asset could more suitably be registered elsewhere; or
 - registration would be contrary to the public interest.
3. The following persons, and no others, shall be qualified to hold a legal or beneficial interest by way of ownership in a space asset registered in Hong Kong or a share therein:
- the Central People’s Government or the Government of the Hong Kong Special Administrative Region;
 - Chinese citizens;
 - permanent residents of the Hong Kong Special Administrative Region;
 - bodies—
 - (i) incorporated under the law of Hong Kong or any other part of the People’s Republic of China; and
 - (ii) having their principal place of business in Hong Kong or any other part of the People’s Republic of China.
4. If an unqualified person residing or having a place of business in Hong Kong holds a legal or beneficial interest by way of ownership in a space asset, or a share therein, the Chief Executive, upon being satisfied that the space asset may otherwise be properly so registered, may register the space asset in Hong Kong.

Application for Registration²⁵

1. Application for the registration of a space asset in Hong Kong shall be made in writing to the Chief Executive or Registrar, and shall include or be accompanied by such particulars and evidence relating to the space asset and its ownership, leasing, operation and financing as the Chief Executive or Registrar may require to enable a determination of whether the space asset may properly be registered in Hong Kong and to issue the certificate referred to herein. In particular, the application shall include the proper description of the space asset.
2. Upon receiving an application for the registration of a space asset in Hong Kong and being satisfied that the space asset may properly be so registered, the Chief Executive or Registrar shall register the space asset, wherever it may be, and shall include in the register the following particulars:
 - registration number assigned by the Chief Executive or Registrar;
 - name of the space asset and any serial number or unique identifier;
 - name and address of the owner and each person entitled as owner to a legal interest in the space asset;
 - name and address of the operator (if different from the owner);
 - expected or actual launch date, if applicable;²⁶
 - orbit type or intended orbit, if applicable;
 - UNOOSA filing, ITU filing and other filing information, if applicable;
 - security interest (including the name of the secured creditor and the reference number of

²⁵ Air Navigation (Hong Kong) Order 1995 (Cap. 448C), art. 4.

²⁶ UNIDROIT, Report of the Fifth Session of the Committee of Governmental Experts for the Preparation of a Draft Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Space Assets, para. 68, available at <https://www.unidroit.org/english/documents/2011/study72j/cge-session5/cge-5-report-e.pdf>

the registered interest);

- lease status and name of any lessee; and
- governing law of each relevant sale, lease, security or rights-assignment agreement.

The Chief Executive or Registrar may prescribe or request additional particulars by notice.

3. The Chief Executive or Registrar shall not be required to enquire whether any consent to registration has in fact been given or is valid.²⁷

Registration and Certificate

1. Upon receiving an application and being satisfied that the space asset may properly be registered, the Chief Executive or Registrar shall register the asset (wherever located) and enter the particulars specified.
2. Registration shall be complete when the required information is entered into the register and a sequentially ordered file number is assigned.
3. The Chief Executive or Registrar shall furnish a certificate to the person in whose name the space asset is registered stating the particulars and the date of registration.²⁸
4. A certificate in the form prescribed by regulations is prima facie proof: (1) that it has been so issued; and (2) of the facts recited in it, including the date of registration.²⁹
5. Registration remains effective until discharged or until the expiry of any period specified in the registration.³⁰
6. A registration may be discharged with the written consent of the party in whose favour it

²⁷ Cape Town Convention, art. 18(2), available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

²⁸ Air Navigation (Hong Kong) Order 1995 (Cap. 448C), art. 4(8).

²⁹ Cape Town Convention, art. 24, available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

³⁰ Cape Town Convention, art. 21, available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

was made.³¹

Search of the Register³²

1. Any person may, in the manner prescribed by regulations and rules made by or on behalf of the Chief Executive, make or request a search of the Space Asset Register by electronic means to ascertain interests or prospective interests registered therein.
2. Upon request, the Chief Executive or Registrar shall issue an electronic search certificate stating all registered information relating to a space asset, together with the date and time of each registration, or stating that no information is registered.

Obligations of Registered Owner and Amendment of Register

1. Any person who is the registered owner of a space asset registered in Hong Kong shall forthwith inform the Chief Executive or Registrar of:³³
 - any change in the particulars entered in the register that were furnished to the Chief Executive or Registrar upon application for registration of the space asset;
 - the destruction of the space asset, or its permanent withdrawal from use;
 - the termination of any charter or lease.
2. Any person who becomes the owner of a registered space asset shall inform the Chief Executive in writing within 28 days.
3. The Chief Executive or Registrar may, whenever necessary or appropriate for giving effect to this Part of this Ordinance or for bringing up to date or otherwise correcting the particulars entered on the register, amend the register or cancel the registration of the space asset. The Chief Executive or Registrar shall cancel a registration within two months of being satisfied

³¹ Cape Town Convention, art. 20(3), available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

³² Cape Town Convention, art. 22, available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

³³ Air Navigation (Hong Kong) Order 1995 (Cap. 448C), art. 4(11).

that there has been a change in ownership of the space asset.³⁴

Priority³⁵

1. A registered interest in a space asset has priority over any other interest subsequently registered and over any unregistered interest.
2. The priority in subsection (1) applies even if the first-registered interest was acquired or registered with actual knowledge of the competing interest and even as regards value given by the holder of the first-mentioned interest with such knowledge.
3. Any priority given by this section to an interest in a space asset extends to proceeds generated from the space asset.

Buyers, Conditional Buyers and Lessees

1. A buyer of a space asset under a registered sale acquires its interest free from an interest subsequently registered and from an unregistered interest, even if the buyer has actual knowledge of such interest.
2. A buyer of a space asset under a registered sale acquires its interest subject to an interest previously registered.³⁶

Recording and Priority of Recorded Rights Assignment³⁷

1. The holder of an interest or prospective interest in a space asset who has acquired an interest in or over debtor's rights under a rights assignment may, when registering the interest or prospective interest or subsequently by amendment to such registration, record the rights assignment as part of the registration. Such recording may identify the rights so assigned or acquired either specifically or by a statement that the debtor has assigned, or the holder of the interest or prospective interest has acquired, all or some of the debtor's rights, without

³⁴ Air Navigation (Hong Kong) Order 1995 (Cap. 448C), art. 4(12)–4(13).

³⁵ Cape Town Convention, art. 29, available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

³⁶ Space Protocol, art. XXIII, available at <https://www.unidroit.org/instruments/security-interests/space-protocol/>

³⁷ Space Protocol, arts. XII and XIII, available at <https://www.unidroit.org/instruments/security-interests/space-protocol/>

further specification.

2. Where a rights assignment has been recorded as part of the registration of an interest which is subsequently transferred in accordance with law, the transferee of the interest acquires:
 - (a) all the rights of the creditor under the rights assignment; and
 - (b) the right to be shown in the record as assignee under the rights assignment.
3. A recorded rights assignment has priority over any other transfer of debtor's rights (whether or not a rights assignment) except a rights assignment previously recorded.

Remedies

Meaning of Default³⁸

1. The parties may at any time in writing agree as to the events constituting default and thereby entitling the creditor to exercise the remedies set out in this section.
2. Absent such agreement, a 'default' means any default by a debtor which substantially deprives the creditor of what it is entitled to expect under the agreement.

Remedies of Chargee³⁹

1. In the event of default by the chargor, the holder of a security interest (chargee) may, to the extent permitted by the security agreement, exercise any one or more of the following remedies:
 - take possession or control of the space asset;
 - sell or lease the space asset; and
 - collect or receive income or profits arising from the operation of the space asset.

³⁸ Cape Town Convention, art. 11, available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

³⁹ Cape Town Convention, art. 8, available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

2. The chargee may alternatively apply to court for an order authorising any of the acts referred to in the preceding subsection.
3. The parties to an agreement may agree for the placement of command codes and related data and materials with a third person to give a creditor the opportunity to take possession of, establish control over or operate the space asset.⁴⁰
4. Any remedy in relation to a space asset shall be exercised in a commercially reasonable manner. A remedy shall be deemed to be exercised in a commercially reasonable manner where it is exercised in conformity with a provision of the security agreement except where such a provision is manifestly unreasonable.⁴¹
5. A chargee proposing to sell or grant a lease of a space asset shall give reasonable prior notice in writing of the proposed sale or lease to the interested persons. Notice of 14 or more calendar days is deemed to satisfy the requirement of reasonable prior notice.⁴²
6. Proceeds from the exercise of any remedy shall be applied first to discharge the amount secured and any reasonable costs incurred in the exercise of such remedy; any surplus shall be distributed to holders of subsequently ranking interests and any balance paid to the chargor.⁴³
7. Unless otherwise agreed, a creditor may not enforce a security interest in a space asset that is physically linked with another space asset so as to impair or interfere with the operation of the other space asset if an interest or sale has been registered with respect to the other space asset before the registration of the interest being enforced.⁴⁴

Vesting of Space Asset and Redemption⁴⁵

1. The chargee and any interested persons may agree, at or after default, that ownership of the space asset vests in the chargee in satisfaction of the secured obligations. The court may order such vesting if it is satisfied that the value of the space asset is commensurate with the

⁴⁰ Space Protocol, art. XIX, available at <https://www.unidroit.org/instruments/security-interests/space-protocol/>

⁴¹ Space Protocol, art. XVII, available at <https://www.unidroit.org/instruments/security-interests/space-protocol/>

⁴² Space Protocol, art. XVII, available at <https://www.unidroit.org/instruments/security-interests/space-protocol/>

⁴³ Cape Town Convention, art. 8(6), available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

⁴⁴ Space Protocol, art. XVII, available at <https://www.unidroit.org/instruments/security-interests/space-protocol/>

⁴⁵ Cape Town Convention, art. 9, available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

secured obligation.

2. Prior to sale or vesting, the chargor or any interested person may redeem the space asset by paying the amount secured, together with reasonable costs and expenses. Payment by a person other than the debtor effects subrogation to the creditor's rights.
3. Ownership of the space asset passing under this section is free from any other interest over which the chargee's security interest has priority.

Rights Assignment by Way of Security⁴⁶

In the event of default by the debtor under a rights assignment by way of security, the provisions herein on the creditor's remedies apply in the relations between the debtor and the creditor (and in relation to debtor's rights apply in so far as those provisions are capable of application to intangible property) as if:

1. references to the secured obligations and to the security interest were references to the obligations secured by the rights assignment and to the security interest created by that assignment;
2. references to the object were references to the debtor's rights.

Relief Pending Final Determination⁴⁷

1. On application by a creditor, a court may, before final determination, order:
 - preservation of the space asset;
 - possession, control or custody of the space asset;
 - immobilisation of the space asset and the placement of command codes, data and materials; or

⁴⁶ Space Protocol, art. XVIII, available at <https://www.unidroit.org/instruments/security-interests/space-protocol/>

⁴⁷ Cape Town Convention, art. 13, available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

- management or lease of the space asset and the application of proceeds.
2. If the debtor and the creditor so agree, the court may also order sale of the space asset and application of the proceeds.⁴⁸
 3. Relief under this section shall be granted on a speedy basis.
 4. Any sale under this section vests ownership free from any other interest over which the creditor's security interest has priority.
 5. The court may make an order under this section on such terms as will protect interested persons in the event that the creditor fails to perform its obligations or if the creditor's claim proves unfounded wholly or in part.⁴⁹

Remedies on Insolvency⁵⁰

1. Upon the occurrence of an insolvency-related event, the insolvency administrator or the debtor shall, subject to any public service restriction under this Ordinance, give possession of or control over the space asset to the creditor no later than the earlier of:
 - the end of the waiting period specified by regulation; or
 - the date on which the creditor would otherwise be entitled to possession or control of the space asset.
2. Until possession or control is delivered under the preceding subsection, the insolvency administrator or debtor shall preserve the space asset and maintain its value, and the creditor may apply for interim relief.

⁴⁸ Space Protocol, art. XX, available at <https://www.unidroit.org/instruments/security-interests/space-protocol/>

⁴⁹ Cape Town Convention, art. 13(2), available at <https://www.unidroit.org/instruments/security-interests/cape-town-convention/>

⁵⁰ Space Protocol, art. XXI, available at <https://www.unidroit.org/instruments/security-interests/space-protocol/>

3. The insolvency administrator or debtor may retain possession and control if, before the end of the waiting period, it cures all defaults other than insolvency itself and agrees to perform future obligations.

Limitation on Remedies for Public Service⁵¹

1. Where the debtor or an entity controlled by the debtor and a public services provider enter into a contract for the use of a space asset to provide a public service in a State, the parties and the government of that State may agree that the public services provider may register a public service notice.
2. A creditor holding an interest in a space asset that is the subject of a public service notice may not exercise any remedy that would make the space asset unavailable for provision of the public service until after the expiration of the period specified by the public service notice.
3. The public service notice shall specify a period of not less than three months and not more than six months from the date of registration by the creditor of a notice of intention to exercise remedies. If the debtor does not cure its default within that period, the creditor may exercise its remedies.
4. During the period referred to in the preceding subsection:
 - the creditor, debtor and public services provider shall co-operate in good faith to find a commercially reasonable solution permitting continuation of the public service;
 - the licensing authority shall give the public services provider the opportunity to participate in any proceedings concerning the appointment of another operator; and
 - the creditor may initiate proceedings to replace the debtor as operator of the space asset in accordance with licensing rules.

⁵¹ Space Protocol, art. XXVII, available at <https://www.unidroit.org/instruments/security-interests/space-protocol/>

Concluding Remarks

SARFO would supply the missing domestic infrastructure in Hong Kong: clear asset definitions, notice-based registration of ownership and security interests, first-to-file priority rules, and effective enforcement (including control/command-code mechanisms). Paired with a calibrated tax framework modelled on Hong Kong’s aircraft leasing tax regime, SARFO would give financiers economic incentives and predictable protections, and position Hong Kong as a regional leader in commercial space finance once the necessary constitutional authorisation is secured.

Asian Academy of International Law

Preliminary Draft for Public Discussion

June 2026

Annex: Registry Entry Mock-up

Field	Example
Space Asset Name	HKSat-1
Owner	DragonSky Holdings Ltd.
Operator	HKSat Services Ltd.
Launch Date	12 August 2025
Orbit Type	GEO
ITU Filing	CHN-HKSAT-2025
Security Interest	HSBC Satellite Finance #2025-001
Lease Status	Leased to AsiaSat Ltd.
Governing Law	Hong Kong SAR
Rights Assignment	DragonSky Holdings Ltd. has assigned its debtor's rights to HSBC Satellite Finance on 1 August 2025.