

EXPLANATORY NOTES

Space Industry (Indemnities) Act 2025

Chapter 35

£8.90

SPACE INDUSTRY (INDEMNITIES) ACT 2025

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Space Industry (Indemnities) Act 2025 which received Royal Assent on 18 December 2025 (c. 35).

- These Explanatory Notes have been prepared by the Department for Transport in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Act will mean in practice; provide background information on the development of policy; and provide additional information on how the Act will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Act. They are not, and are not intended to be, a comprehensive description of the Act.

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Overview of the Act

1 This Act amends the Space Industry Act 2018 to provide that spaceflight operator licences must specify a limit on the amount of the licensee's liability to indemnify the United Kingdom Government and other particular persons or bodies against any claims brought against the government, or the person or body, in respect of damage or loss arising out of or in connection with spaceflight activities authorised by the licence.

Policy background

2 The Space Industry Act 2018 (the 2018 Act) was introduced to enable spaceflight activities from the United Kingdom, such as operating a satellite in orbit and enabling launch to orbit from spaceports in the United Kingdom, for the first time. Such activities require a licence.

3 International law, particularly UN space treaties, places obligations and responsibilities upon states for activities in outer space. In particular, UN space treaties make provision for the liability of states for damage or injury caused by their space activities. To mitigate against potential claims on the UK Government, section 36 of the 2018 Act requires the holder of a spaceflight operator licence to indemnify the Government and a number of named public bodies. However, this is subject to any limit on the amount of the operator's liability specified in the licence except in prescribed circumstances such as where the operator is liable in respect of gross negligence or wilful misconduct. Currently section 12(2) of the 2018 Act provides that an operator licence "may" specify a limit on the amount of a licensee's liability to indemnify under section 36.

4 Through responses to a consultation on spaceflight liability, insurance and charging[1], the Government is aware that holding unlimited liabilities could be a barrier to conducting spaceflight activities from the United Kingdom. Other launching nations limit liabilities or provide a state guarantee for spaceflight activities conducted from their territory.

5 Current Government policy is that all spaceflight licences will include limits on the amount of an operator's liability to indemnify under section 36 of the 2018 Act and the amount of insurance they are required to hold, so that no operator will face unlimited liability. This Act provides industry with legal certainty that the amount of an operator's liability will be capped, by making it mandatory to cap the amount of liability to indemnify under section 36.

Legal background

6 Section 36(1) of the 2018 Act requires a person carrying out spaceflight activities to indemnify the United Kingdom Government or a person or body listed in subsection (2) against any claims brought against the government, or the person or body, in respect of damage or loss arising out of or in connection with those activities. The United Kingdom could, for example, face claims where the UN Convention on International Liability for Damage caused by Space Objects applies. Section 36(3) and (4) makes further provision about the requirement to indemnify including when that requirement does not apply.

[1] https://www.gov.uk/government/consultations/commercial-spaceflight-insurance-and-liabilities-requirements.

7 The requirement to indemnify under section 36(1) is subject to any limit specified under section 12(2) of the 2018 Act on the amount of a licensee's liability, except in prescribed cases or circumstances.

8 Currently section 12(2) provides that an operator licence may specify a limit on the amount of a licensee's liability to indemnify under section 36. This Act amends section 12(2) and makes a consequential amendment to section 36(3)(a).

Territorial extent and application

9 Section 2 sets out the territorial extent of the Act.

10 As with sections 12(2) and 36 of the 2018 Act which this Act amends, this Act extends to England and Wales, Scotland and Northern Ireland.

11 The matters to which the provisions of this Act relate are not within the legislative competence of the Scottish Parliament, Senedd Cymru or the Northern Ireland Assembly.

12 Section 71(5) of the 2018 Act provides a power to direct, by Order in Council, that any of the provisions of that Act extend (with any modifications specified in the Order) to any of the Channel Islands, the Isle of Man or any British overseas territory. Section 2(2) of this Act provides that the power under section 71(5) may be exercised so as to extend to any of the Channel Islands, the Isle of Man or any British overseas territory any amendment by this Act (with or without modifications).

13 See the table in Annex A for a summary of the position regarding territorial extent and application in the United Kingdom.

Commentary on provisions of Act

Section 1: Licence terms relating to indemnification of government etc

14 Section 1(a) amends section 12(2) of the 2018 Act so that an operator licence authorising spaceflight activities must specify a limit on the amount of the licensee's liability to indemnify the Government and other listed bodies under section 36 of that Act in respect of the activities authorised by the licence.

15 Section 1(b) makes a minor consequential amendment to section 36(3)(a) of the 2018 Act.

Section 2: Extent, commencement and short title

16 This section sets out the territorial extent, commencement and short title of the Act.

Commencement

17 Section 2(3) provides that this Act comes into force at the end of the period of two months beginning with the day on which it is passed.

Related documents

18 The following documents are relevant to the Act and can be read at the stated locations:

- Space Industry Act 2018: **https://www.legislation.gov.uk/ukpga/2018/5/contents/enacted**
- Consultation on spaceflight liability, insurance and charging: **https://www.gov.uk/government/consultations/commercial-spaceflight-insurance-and-liabilities-requirements**

Annex A - Territorial extent and application in the United Kingdom

Provision	England	Wales	Scotland	Northern Ireland
	Extends to E & W and applies to England?	**Extends to E & W and applies to Wales?**	**Extends and applies to Scotland?**	**Extends and applies to Northern Ireland?**
Section 1 (Licence terms relating to indemnification of government etc)	Yes	Yes	Yes	Yes
Section 2 (Extent, commencement and short title)	Yes	Yes	Yes	Yes

Subject matter and legislative competence of devolved legislatures

19 This Act amends sections 12(2) and 36 of the 2018 Act which extend to England and Wales, Scotland and Northern Ireland. The subject matter of those provisions is not devolved to the legislatures in Scotland, Wales and Northern Ireland.

Annex B - Hansard References

20 The following table sets out the dates and Hansard references for each stage of the Act's passage through Parliament.

Stage	Date	Hansard Reference
House of Commons		
Introduction	16 October 2024	House of Commons Vol.754 Col.839
Second Reading	7 March 2025	House of Commons Vol.763 Col.606
Public Bill Committee	18 June 2025	House of Commons Col.1
Third Reading	4 July 2025	House of Commons Vol.770 Col. 599
House of Lords		
Introduction	7 July 2025	House of Lords Vol.847 Col.1119
Second Reading	5 September 2025	House of Lords Vol.848 Col.1102
Order of Commitment Discharged	4 November 2025	House of Lords Vol.849 Col.1814
Third Reading	12 December 2025	House of Lords Vol.851 Col 428
Royal Assent	18 December 2025	House of Commons Vol 777
		House of Lords Vol 851 Col 835

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