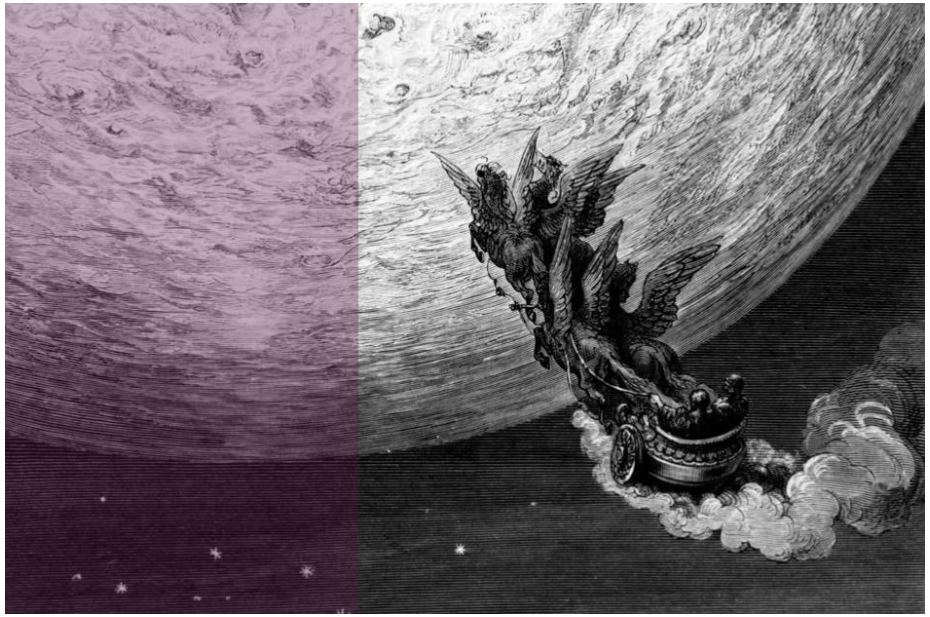
NEW SPACE ECONOMY: THE ICEYE-AVIO CASE AND THE ITALIAN SPACE LAW



1. Introduction

The Italian and European space sectors are currently undergoing a period of significant dynamism and innovation, both in terms of private investment (the so-called "New Space Economy")[1] and regulatory developments.

On the one hand, the voluntary full tender offer ("*Offerta pubblica di acquisto volontaria e totalitaria*") announced by Finland-based Iceye Oy for Avio S.p.A. (respectively, "**Iceye**" and "**Avio**") is set to become one of the major cross-border transactions in the European aerospace sector, raising a number of particularly interesting issues, including with regard to the application of Italian Golden Power regime[2].

On the other hand, Law No. 89 of 13 June 2025, containing «*Provisions on the Space Economy*» (the "**Italian Space Law**"), has, for the first time in Italy, introduced a comprehensive regulatory framework governing the conduct of space activities by private operators, combining administrative authorisation requirements, technical standards, insurance obligations, a register of space objects and measures to support the industry[3].

[1] For an in-depth analysis of the space economy, see Di Pippo, *Space Economy. L'arena competitiva del futuro*, Bocconi University Press, 2026.

[2] Although in relation to a sector other than aerospace, our Firm has already had the opportunity to deal with the regulatory framework governing Golden Power, as described in the article available at the following link: https://gvalex.it/news/greco-vitali-associati-assiste-omt-nellambito-dellacquisizione-del-ramo-dazienda-sacim-per-i-profili-golden-power/.

[3] It should also be noted that, in June 2025, the European Commission launched an initiative for the adoption of an "EU Space Act", aimed at establishing a harmonised regulatory framework for space activities across Member States, with a view to creating a single market for space activities (see Proposal for a Regulation COM(2025) 335, available at the following link: https://eur-lex.europa.eu/legal-content/IT/ALL/?uri=CELEX:52025PC0335).

In this issue of our newsletter, we will briefly examine the full tender offer announced by Iceye, also in light of the recently enacted Italian Space Law, whose most significant provisions will be outlined below.

2. The Full Tender Offer Announced by Iceye

2.1. Overview of the Transaction

By notice dated 17 November 2026[4], Iris 2 S.p.A. ("**Iris 2**" or the "**Offeror**") announced, pursuant to Article 102(1) of Legislative Decree No. 58 of 24 February 1998 (the so called "*Testo Unico Finanziario*" or "**TUF**") and Article 37 of the CONSOB ("*Commissione Nazionale per le Società e la Borsa*") Issuers' Regulation ("*Regolamento Emittenti*"), its decision to launch a voluntary full tender offer for all the ordinary shares of Avio, a company listed on Euronext STAR Milan and active in the development and production of propulsion systems for satellites and missiles[5].

Iris 2 is an Italian company wholly owned by Iris 1 S.p.A. ("**Iris 1**"), which is in turn wholly owned by Iceye, a Finnish company active in the production and operation of radar microsatellites and satellite constellations, as well as in the provision of intelligence services. In the notice dated 17 November, Iris 1 and Iceye are identified as persons acting in concert with the Offeror pursuant to Article 101-*bis* of the TUF, whereas Iris 2 is the sole entity launching the offer and acquiring the shares[6].

The offer concerns the entire share capital of Avio as at the date of the notice. The consideration, payable entirely in cash, amounts to Euro 41 per share. This represents a premium of 21.3% over the official closing price of Euro 33.79 recorded on 16 November 2026, the last trading day preceding the announcement. Based on the maximum number of shares subject to the offer, the maximum aggregate consideration indicated in the notice amounts to approximately Euro 2.05 billion.

The offer is accompanied by a number of industrial commitments aimed at preserving Avio's brand and Italian identity, maintaining its current workforce, honouring existing commitments towards customers and European and US partners, and continuing the investments already planned in the United States. The documentation also refers to an additional investment of Euro 1 billion in Italy over a five-year period, with the aim of strengthening Italy's position as a centre

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The proposed Regulation is currently undergoing the relevant legislative procedure. Most recently, on 19 November 2026, the European Parliament's Committee on Industry, Research and Energy (ITRE) adopted its report on the proposed Regulation.

[4] See the notice and press release available at the following link: https://www.iceye.com/iceye-announces-an-all-cash-public-tender-offer-in-respect-of-all-ordinary-shares-of-avio-to-create-a-european-sovereign-space-and-defense-champion.

[5] Avio's shareholders also include, among others, the following entities, each holding a significant shareholding ("*partecipazione rilevante*") within the meaning of Article 120 of the TUF: Leonardo S.p.A., Advent International L.P. and The Goldman Sachs Group Inc.

[6] The notice dated 17 November 2026 does not yet constitute the official offer document. The Offeror has in fact stated that it will submit to CONSOB the offer document for publication pursuant to Article 102(3) of the TUF. The acceptance period will commence only following the approval and publication of the offer document and will last between 15 and 40 trading days

for launch and propulsion activities and creating new skilled employment opportunities.

From an industrial perspective, the transaction is characterised by a vertical integration between operators active in different but complementary segments of the same value chain, positioned respectively upstream and downstream. The transaction also carries significant strategic and geopolitical implications, representing one of the first major intra-EU transactions in the aerospace sector, against an international backdrop characterised by growing attention to technological sovereignty, the security of space infrastructure and European strategic autonomy.

2.2. Conditions Precedent to the Offer, with Particular Reference to the Golden Power Regime

The effectiveness of the full tender offer is subject to a number of conditions precedent, including the acquisition of a minimum stake representing 66.67% of Avio's share capital. This threshold would enable the Offeror to secure the majority required to pass resolutions at extraordinary shareholders' meetings and, under the proposed transaction structure, to consider a merger by incorporation aimed at achieving Avio's delisting, even if the 90% threshold were not reached (see § 2.3 below).

The specific nature of the aerospace sector, in which Iceye's tender offer was launched, provides an opportunity to recall the Italian regulatory framework governing golden power, which allows the Government, where the statutory conditions are met, to exercise veto powers, impose specific conditions or oppose to an acquisition.

Indeed, the additional conditions precedent to the tender offer concern, *inter alia*, the granting of the necessary clearances in Italy under the golden power regime, namely the framework set out in Decree-Law No. 21 of 15 March 2012, converted, with amendments, into Law No. 56 of 11 May 2012.

Article 28(2) of the Italian Space Law expressly provides that the rules governing the State's special powers over corporate ownership structures in the defence and national security sectors, as well as in the strategic energy, transport and communications sectors, shall remain unaffected. Accordingly, the Italian Space Law neither replaces the Golden Power Legislation nor supersedes the relevant clearance procedure.

2.3. Delisting

The Offeror has stated that it intends to achieve the delisting of Avio's shares, potentially also by exercising the sell-out right provided for under Article 111 of the TUF[7], where the relevant

[7] Article 111 of the TUF provides that, where, following a full tender offer or a purchase, the offeror comes to hold a shareholding of at least 90% of the share capital represented by securities, it is entitled to acquire the remaining securities within three months of the expiry of the offer acceptance period or of the relevant acquisition, provided that it has declared its intention to exercise such right in the offer document.

requirements are met, without subsequently restoring a sufficient free float to maintain the listing.

The notice further provides that, should the delisting not be achieved through the mechanisms described above, the Offeror may consider a merger by incorporation of Avio into Iris 2 (which is an unlisted company).

3. Key Features of Law No. 89 of 13 June 2025

3.1. Purpose, Definitions and Scope of Application

As anticipated, Iceye's full tender offer (more precisely, the offer launched by its Italian acquisition vehicle, Iris 2) must also be assessed in light of the recently enacted Italian Space Law, which regulates private operators' access to outer space and promotes investment in the "New Space Economy"[8].

Article 1[9] identifies outer space as a focal point for geopolitical, economic, scientific and military interests, linking the development of the space economy to national competitiveness, scientific research, skills development and the use of Earth observation technologies for risk forecasting and prevention. Article 2, in turn, provides a broad definition of space activities[10].

The legislation also has a broad territorial and personal scope, applying to all activities carried out within Italian territory by operators of any nationality, as well as to activities carried out outside Italian territory by Italian operators.

3.2. Authorisation and Supervision of Space Operators

Pursuant to Article 4, space activities are subject to authorisation, which may cover a single activity, multiple activities of the same kind, or different but interconnected activities.

Article 5 sets out the objective requirements for authorisation, namely the safety of the activity throughout all its stages, the resilience of the satellite infrastructure and environmental sustainability.

[8] Since the middle of the twentieth century, the aerospace sector has been subject to international regulation. The main international treaties, which collectively form what is commonly referred to as the *Corpus Iuris Spatialis*, include: (i) the «*Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies*», opened for signature on 27 January 1967 and ratified in Italy by Law No. 87 of 28 January 1979; (ii) the «*Convention on International Liability for Damage Caused by Space Objects*» of 1972, ratified in Italy by Law No. 426 of 5 May 1976; and (iii) the «*Convention on Registration of Objects Launched into Outer Space*» of 1975, ratified in Italy by Law No. 153 of 12 July 2005. In view of the hierarchically superior status accorded to international law within the Italian legal system, the national legislator was necessarily required to take these international conventions into account when drafting the Italian Space Law.

[9] Hereinafter, any reference to an article of law, unless otherwise specified, shall be interpreted as a reference to the Italian Space Law.

[10] An activity encompassing «*the launch, deployment, in-orbit operation and re-entry of space objects, including their disposal from Earth orbits and the removal of space objects, in-orbit services, the assembly and use of orbiting space stations, as well as the manufacture of objects in outer space and on celestial bodies; the exploration, extraction and use of natural resources in outer space and on celestial bodies, in accordance with internationally adopted legal instruments; the launch, flight and short-term or long-term presence of living beings in outer space and on celestial bodies; activities carried out through stratospheric platforms and sounding rockets; and any other activity conducted in outer space and on celestial bodies*».

As regards the operator-specific requirements, Article 6 provides that operators must possess adequate professional and technical capabilities, financial soundness commensurate with the risks associated with the activity and the size of the undertaking, appropriate insurance coverage or a financial guarantee, and a collision avoidance service.

The legislation also pays particular attention to start-ups and SMEs, allowing implementing decrees to establish differentiated criteria aimed at facilitating their entry into the market without lowering the required safety standards.

Under Article 7, applications must be submitted to the competent Authority[11] through the Italian Space Agency ("*Autorità Spaziale Italiana*" or "**ASI**")[12]. ASI carries out the relevant technical assessments within sixty days and may conduct on-site visits or inspections. If the assessment is favourable, the relevant documentation is forwarded to the competent Authority, the Ministry of Defence and the Secretariat of the Interministerial Committee for Space and Aerospace Research Policies ("*Comitato interministeriale per le politiche relative allo spazio e alla ricerca aerospaziale*" or "**COMINT**"). The final decision must be adopted within an overall maximum period of 120 days from the submission of the application.

Authorisation may be denied where the proposed activity is likely to jeopardise essential interests relating to defence, national security, the continuity of international relations, critical infrastructure, cyber protection or national cybersecurity. Authorisation may also be denied where the operator has certain connections with third countries or territories, or where the purpose of the activity is contrary to a fundamental interest of the State.

Operators are required to notify the competent Authority of any material change in the circumstances underlying the original authorisation, whether such change has already occurred or is likely to occur. The competent Authority may also amend, revoke or annul an authorisation for reasons relating to national defence and security or in order to prevent an imminent danger. Suspension or withdrawal of authorisation may be ordered, *inter alia*, in the event of a breach of the law or of the conditions attached to the authorisation, failure to commence the authorised activity, failure to obtain or maintain the required insurance or financial guarantee, a material change in the purpose of the activity, loss of the required qualifications or breach of security requirements.

[11] Identified, pursuant to Article 2(1)(b), as the Prime Minister or the government minister to whom responsibility for space and aerospace policies may be delegated.

[12] A national public body established by Law No. 186 of 30 May 1988, whose mission is to «*promote, develop and disseminate, through its agency activities, scientific and technological research applied to the space and aerospace sectors, excluding aeronautical research, as well as the development of innovative services, pursuing objectives of excellence, coordinating and managing national projects and Italy's participation in European and international projects, in accordance with the Government's policy guidelines as promoted by the Interministerial Committee for Space and Aerospace Research Policies and within the framework of the coordination of international relations ensured by the Ministry of Foreign Affairs, while safeguarding the competitiveness of the Italian industrial sector*».

Finally, pursuant to Article 10, the transfer of authorised space activities or of the ownership, management or control of a space object subject to authorisation requires the approval of the competent Authority. Although the applicable procedural time limits are halved, the procedure governing the granting of the original authorisation continues to apply.

3.3. Registration of Space Objects and Civil Liability

Article 15 provides that space objects for which Italy qualifies as a launching State must be entered in the national register of space objects, maintained and updated by ASI. The legislation requires the submission to ASI of technical and identification information, including details concerning the launch, orbital parameters, the function of the object, its owner and manufacturer, and any subsequent transfers.

As regards civil liability, Article 18 provides that operators are liable for damage caused as a result of space activities. In the case of damage suffered by third parties on the surface of the Earth or by aircraft in flight, liability is strict ("*responsabilità oggettiva*"), meaning that the operator may only be exonerated by proving the occurrence of an event constituting *force majeure*. The legislation also establishes a cap on compensation, which the operator may nevertheless lose the benefit of where it conducts activities without authorisation, breaches authorisation requirements, acts wilfully or with gross negligence, or fails to comply with insurance obligations[13].

Under Article 21, authorised operators must take out an insurance policy or provide another form of financial guarantee with an ordinary coverage limit of Euro 100 million per claim. Implementing decrees may introduce up to three risk categories with lower coverage limits; however, the minimum limit may not fall below Euro 50 million or, in the case of operators pursuing exclusively research purposes or qualifying as innovative start-ups, Euro 20 million per claim. Furthermore, injured third parties are entitled to bring a direct action against the insurer.

3.4. Planning, the Fund and Support Measures for Innovative Start-ups and SMEs

Article 22 entrusts COMINT, with the cooperation of ASI and the involvement of the competent public authorities, with the preparation and biennial updating of the National Plan for the Space Economy, which shall have a duration of at least five years and coordinate innovation needs, production capabilities, commercially marketable space services, public-private partnerships, public and private resources, and policies aimed at supporting SMEs and start-ups.

[13] Articles 19 and 20 establish specific rules governing, respectively, Italy's international liability for damage caused by space objects and the liability of foreign States for damage caused by space objects to Italian citizens.

Article 23 establishes a fund for the space economy within the Ministry of Enterprises and Made in Italy, with an initial allocation of Euro 35 million for 2025, aimed at promoting technological innovation, industrial development and the commercial exploitation of domestic space activities. Support may take the form of non-repayable grants, financial transactions or a combination of both, in accordance with criteria to be established by ministerial decree.

Article 27 introduces specific rules to facilitate access by innovative start-ups and SMEs to public procurement contracts in the field of space activities and aerospace technologies. In particular, where public procurement contracts are not divided into lots, the tender documents must reserve, through mandatory subcontracting arrangements, at least 10% of the contract value for such operators, unless no suitable entities are available in the relevant sector.

Furthermore, the involvement of start-ups and SMEs may be taken into account as an award criterion in assessing the most economically advantageous tender, in compliance with the principles of non-discrimination and proportionality. Where subcontracting is carried out by such undertakings, the contracting authority must pay the subcontractor directly for the services performed. The legislation also provides for an advance payment equal to 40% of the contract price, to be made within fifteen days of the actual commencement of the relevant services.

4. Conclusions

The transaction contemplated by Iceye through its full tender offer for Avio comes at a time of ongoing consolidation within the European space industry. Independent access to satellite systems is closely linked to the ability to launch them into orbit with sufficient frequency and reliability, and at a cost compatible with the needs of institutional and commercial operators. From this perspective, Iceye's tender offer, launched through its affiliated company Iris 2, is presented as a means of building a European group capable of competing with major non-European players.

At the same time, the Italian Space Law establishes a regulatory framework in which the growth of the space economy is pursued through a combination of administrative authorisations, risk oversight, civil liability rules, financial support and the protection of strategic infrastructure. The legislation therefore goes beyond regulating the launch or operation of space objects, extending its reach to the entire lifecycle of space activities, from design and manufacturing to orbital operations and re-entry.

The transaction contemplated by Iceye thus represents an opportunity to assess the ability of the Italian legal system to address the new challenges facing the space industry, where the objectives of growth and competitiveness inevitably intersect with those of security and technological sovereignty. The challenge for the Italian Space Law will be to steer this process, ensuring that the protection of strategic interests does not become an obstacle to investment, while at the same time

preventing market openness from undermining national control over strategically significant assets.

Ultimately, the competitiveness of the European aerospace industry will depend not only on the ability of European companies to secure new positions in the global market, but also on the ability of national legal systems to support their development without relinquishing the protection of their fundamental interests.

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