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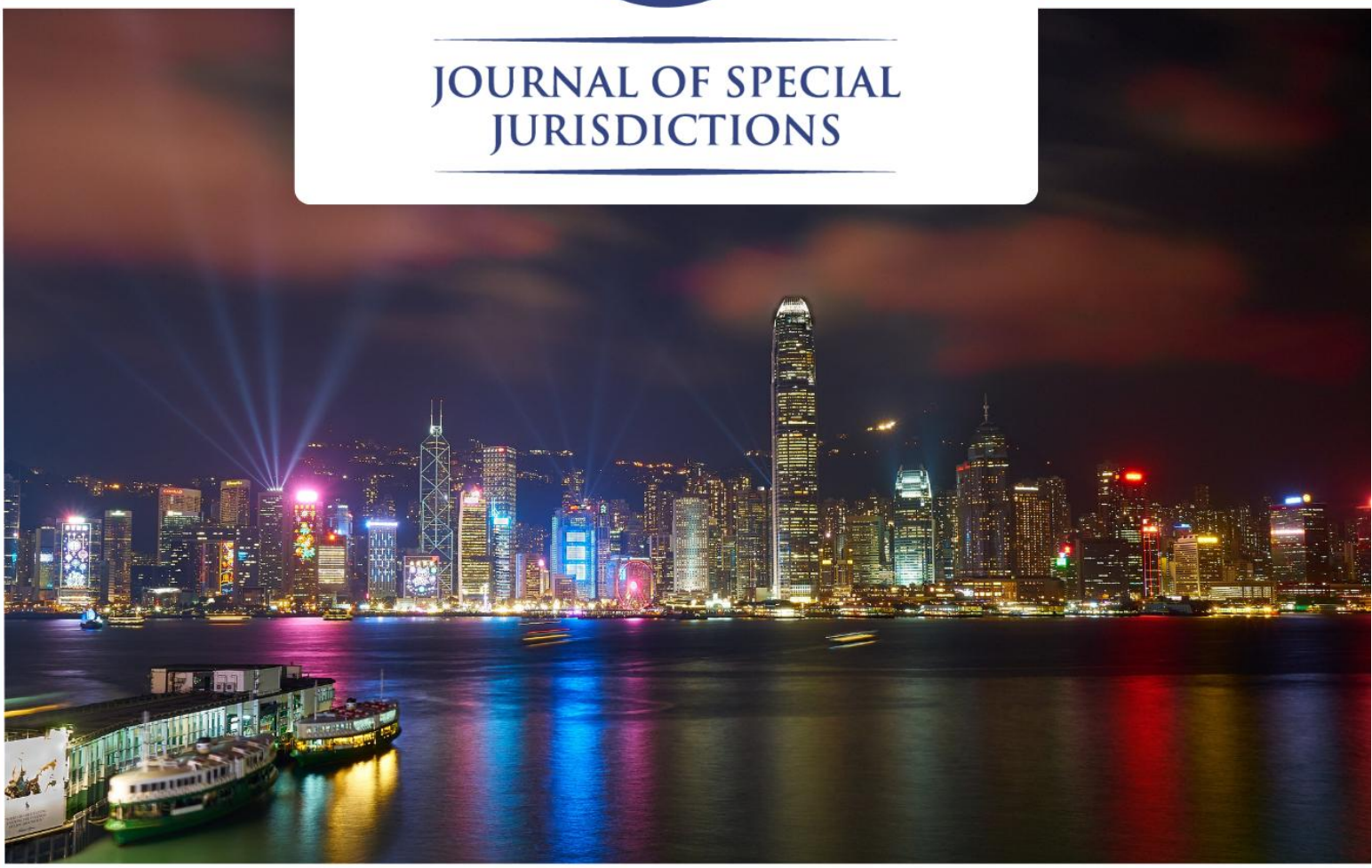

Issue VI: Theory, Practice & Stability (2025)

Issue VI
Volume I
ISSN 2691-5480
2025

STARTUP SOCIETIES FOUNDATION

INSTITUTE FOR DECENTRALIZED GOVERNANCE

Journal of Special Jurisdictions

Issue VI • Volume I • December 2025 • ISSN 2691 – 5480

Journal of Special Jurisdictions

The Journal of Special Jurisdictions is an international peer-reviewed journal founded to advance knowledge of Special Economic Zones and other special jurisdictions. It publishes original papers on the theory, history, regulations and development of special jurisdictions. Research published here can be used to inform policymakers and developers about special jurisdictions. The Journal maintains a non-partisanship approach to its topic. It is led by the team at the Institute for Competitive Governance, the research arm of the Startup Societies Foundation.

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Letter from the Editor

Nathalie Mezza-Garcia, PhD
Startup Societies Foundation &
Institute for Decentralized Governance

Dear Readers,

Issue VI of the Journal of Special Jurisdictions reflects a field that has moved beyond the question of whether special jurisdictions exist and toward more precise inquiries into how they are defined, structured, accessed, and sustained. The papers in this issue share a concern with institutional design. They examine what distinguishes special jurisdictions from adjacent legal forms, how autonomy is exercised without undermining sovereignty, how jurisdictional choice functions in practice, and how new jurisdictions can be designed to endure beyond their founding moment.

Several contributions begin by addressing a foundational problem in the literature: the absence of a coherent general theory of special jurisdictions. Willem Theus offers a unifying conceptual framework that situates special jurisdictions as semi-autonomous legal carve-outs operating between traditional categories of national and international law. By foregrounding both territorial and identity-based forms of jurisdiction and tracing their historical and legal foundations, the paper demonstrates why special jurisdictions cannot be reduced to special economic zones alone, nor fully explained through existing models of sovereignty or federalism. This analysis establishes special jurisdictions as a distinct field of legal inquiry rather than a residual policy category.

Building on this theoretical grounding, Baumgartner, Beer, Siegel, and Dhawan examine how autonomy is structured in contemporary special jurisdictions. Their paper treats autonomy not as a binary condition but as a configuration across four interdependent dimensions: legal-regulatory, fiscal, judicial, and economic. Through comparative analysis of cases such as Hong Kong and the Dubai International Financial Centre, the authors show how carefully bounded autonomy can enable regulatory experimentation while remaining anchored within sovereign legal orders. A central theme that emerges here, and recurs throughout the issue, is that institutional durability depends less on maximal autonomy than on clearly defined mechanisms of reference and accountability.

While the first two papers focus on theory and institutional design, Ian Gaines turns to the question of access. His contribution examines the fragmentation that characterizes the current landscape of special jurisdictions from the perspective of users and analyzes the emergence of digital governance marketplaces that allow

entrepreneurs to discover, compare, and engage with multiple jurisdictions through a single interface. By framing jurisdictional access as a coordination problem, the paper highlights how digital free zones and API-based administrative systems may reduce transaction costs and information asymmetries that currently limit effective jurisdictional competition. This work reflects a broader shift in the field from designing jurisdictions in isolation toward building connective infrastructure between them.

The final contribution by John McCone addresses a challenge that underlies many governance experiments: institutional fragility over time. His paper introduces the concept of ultra-stable legal systems and proposes a country incubation model in which core legal frameworks are fixed at the moment of founding. Drawing on evolutionary analogies, the paper reframes governance experimentation as a comparative process across jurisdictions and raises fundamental questions about legal stability, exit, and the conditions under which new jurisdictions can generate long-term trust.

Taken together, the papers in this issue point to several shared themes. Special jurisdictions are increasingly understood not as exceptional policy instruments but as deliberately engineered institutional forms. Autonomy is most effective when it is bounded, legible, and embedded within larger legal orders. Access and usability are becoming as important as formal legal design. Finally, durability and legitimacy are emerging as central design constraints that shape both the founding of new jurisdictions and the evolution of existing ones.

This issue reflects a maturation of the field. Rather than advocating for special jurisdictions in the abstract, the contributions engage directly with their legal foundations, operational mechanics, and long-term viability. In doing so, they move the discussion away from novelty and toward institutional seriousness.

On behalf of the editorial team, I would like to thank the authors for their contributions, and our reviewers for the time and work. Some of the reviewers of this issue include Andreas Baumgartner, John Elkins, Jeffrey Mason, Robert Tolan, Ryan Hagemann, Claudio Shikida, Gary Chartier, Andrew Morriss, Helen Beebee, Brian Clegg and Alasdair Richmond. Their work behind the scenes continues to make the Journal of Special Jurisdictions possible.

Dr. Nathalie Mezza-Garcia, PhD
Managing Editor

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Letter from the President

Joseph McKinney
Startup Societies Foundation &
Institute for Decentralized Governance

Dear Builders,

This issue of the *Journal of Special Jurisdictions* is published at a moment of transition, both for the Journal and for the broader field it serves. Over the past year, our daily readership has tripled. It represents a clear shift relative to recent years, reversing the stagnation many in the field experienced through 2023 and early 2024. Importantly, it has not come from a single country, discipline, or constituency.

Today, our readers are spread across thousands of cities worldwide. Outside a small number of global hubs, including Singapore, Beijing, and Washington, DC, most places contribute only one or two readers: a policymaker, a scholar, a legal advisor, or a developer. This is not mass attention, nor is it casual interest. It is institutional engagement. It reflects a field that has moved beyond novelty and into practical relevance.

Where this demand is coming from is equally instructive. The strongest growth has emerged from Southeast Asia and other emerging economies, particularly in jurisdictions that are actively building, revising, or reassessing special economic zones, free zones, and related governance experiments under real political and legal constraints. At the same time, we are seeing renewed engagement from advanced economies, especially at the subnational level, where zone-like mechanisms are increasingly being used to address challenges in permitting, infrastructure delivery, and regulatory coordination.

Independent indicators point in the same direction. Global interest in special economic zones has risen steadily over the past year, while more specialized terms such as ZEDEs and startup societies have reentered public discussion after long periods of relative quiet. This pattern is familiar in the development of institutional ideas. Broad concepts regain attention first, followed by closer scrutiny of the most ambitious and controversial models.

More revealing than where readers are coming from, however, is what they are choosing to read. The articles driving growth in 2025 are not introductory surveys or aspirational statements. They are legal analyses, political economy retrospectives, and examinations of governance under stress. Readers are engaging most deeply with work that asks why certain models endured, why others failed, and how law, legitimacy, and sovereignty interact in practice. Articles on

ZEDEs, common law approaches to zones, open-source legal frameworks, and Indigenous and subnational jurisdictional models now attract sustained attention alongside, and often ahead of, canonical success stories.

This shift is significant. It suggests that the movement has entered a new phase. The early years were concerned with possibility, with demonstrating that special jurisdictions could exist at all. The middle years focused on expansion, implementation, and visibility. The present moment is concerned with durability. Builders, policymakers, and scholars are no longer asking whether special jurisdictions are innovative. They are asking whether they are lawful, legitimate, and capable of withstanding elections, courts, and geopolitical shocks.

That is why this Journal matters now as much as, if not more than, at any point in its history. Periods of crisis expose weak institutions, but they also create demand for better ones. Over the past year, special jurisdictions have appeared not only in development strategies, but in discussions of trade realignment, regulatory reform, and post-conflict reconstruction, including emerging proposals related to Ukraine and Palestine. In these contexts, zones are being considered not merely as engines of growth, but as tools for stability and reconstruction. Such uses demand careful analysis and a high standard of evidence.

A field at this stage does not benefit from enthusiasm alone. It requires rigor, comparative perspective, and historical memory. It requires a forum where success and failure can be examined with equal seriousness, and where governance is treated as something to be tested, refined, and defended, rather than simply announced.

This has always been the purpose of the *Journal of Special Jurisdictions*. What has changed is the world in which it operates.

I am grateful to our authors, reviewers, and editorial team for maintaining high standards during a period of renewed attention, and to our readers, often the only person in their institution grappling with these questions, for their continued engagement. The growth we are seeing is not a trend to be chased. It is a signal to be understood. Special jurisdictions are no longer a speculative frontier. They are becoming part of the institutional toolkit of the twenty-first century. Our shared task is to ensure that they are worthy of that role.

With optimism and gratitude,

Joseph McKinney
President,
Startup Societies Foundation

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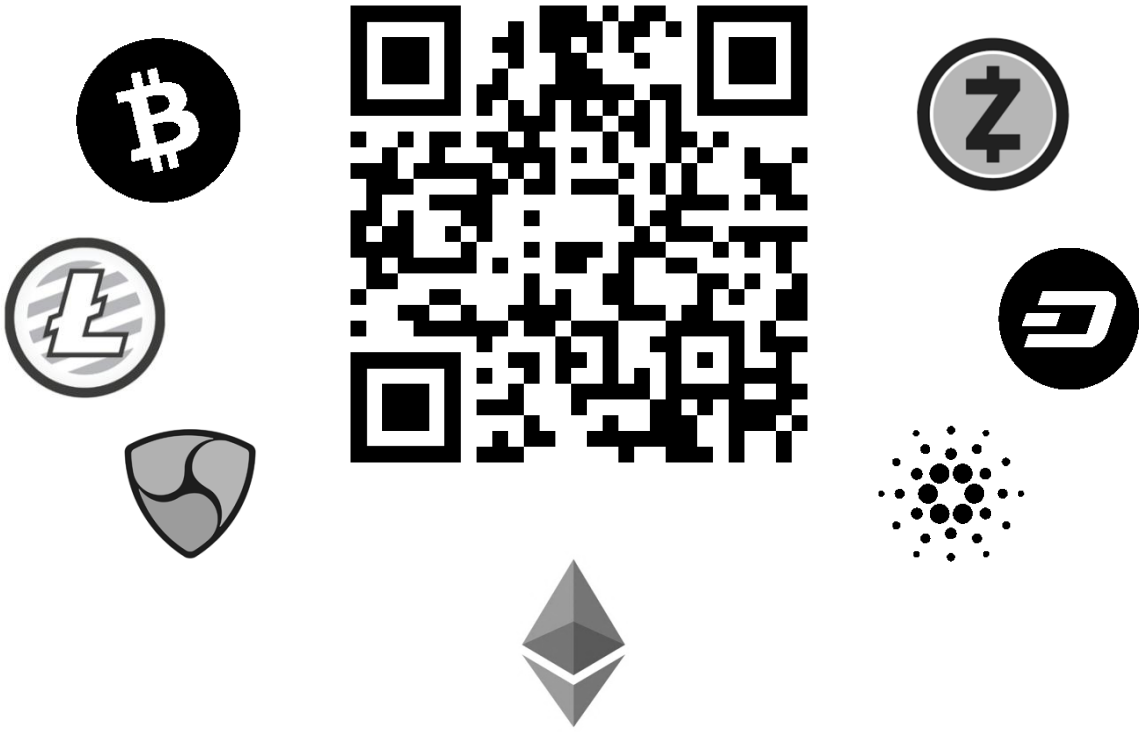

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A General Theory on Special Jurisdictions

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Abstract:
A special jurisdiction is an area or community with a certain normative authority wherein a specific set of rules is in place and enforced that are different from its 'home' jurisdiction. Today, many special jurisdictions exist. Special Economic Zones are some of them. This paper addresses the idea that in the Westphalian era, nearly all special jurisdictions are exceptional autonomy carve-outs from States, as opposed to self-standing sovereign jurisdiction such as Monaco, Singapore or other micro-states or city-states. It goes on further to explain that the basis of that autonomy can be either territorial, as it is set forth in the jurisdiction's foundational texts or laws, and which can be found either in international, national law or customs, or personality or identity based. The paper concludes that special jurisdictions should be seen as 'places in between' the classic legal fields, as they largely transcend the regular legal distinctions between and within national and international law due to their foundational fluidity. Thus, they deserve to be studied as a field of law on their own.
Keywords: Carve-outs, identity-based autonomy, international law, legal pluralism, national law, semi-autonomous legal anomalies, special jurisdictions, territorial autonomy.

Resumen:
Una jurisdicción especial es un área o comunidad con cierta autoridad normativa en la que rige y se aplica un conjunto específico de normas distinto del de su jurisdicción de origen. En la actualidad existen muchas jurisdicciones especiales. Las Zonas Económicas Especiales son algunas de ellas. Este artículo aborda la idea de que, en la era westfaliana, casi todas las jurisdicciones especiales son excepciones de autonomía recortadas dentro de los Estados, a diferencia de jurisdicciones soberanas autónomas como Mónaco, Singapur u otros microestados o ciudades-estado. A continuación, explica que la base de esa autonomía puede ser territorial, tal como se establece en los textos fundacionales o leyes de la jurisdicción y que puede encontrarse en el derecho internacional, el derecho nacional o las costumbres, o bien personal o basada en la identidad. El artículo concluye que las jurisdicciones especiales deben entenderse como "lugares intermedios" entre los campos jurídicos clásicos, en la medida en que trascienden en gran parte las distinciones jurídicas habituales entre el derecho nacional y el internacional, y dentro de cada uno de ellos, debido a su fluidez fundacional. Por ello, merecen ser estudiadas como un campo del derecho propio.
Palabras clave: carve-outs, autonomía basada en la identidad, derecho internacional, pluralismo jurídico, derecho nacional, anomalías jurídicas semiautónomas, jurisdicciones especiales, autonomía territorial.

1. Introduction

> *Do you know how the civil registry works? It's simply a matter of applying the same mechanism in a new way. In every municipality, we open a new office—the office of political status. This office sends every adult citizen a declaration form to fill out, just as with the personal tax or the dog tax.*
>
> *Question: What form of government do you desire? You answer, in complete freedom: monarchy, democracy, or something else. Question: If it's monarchy, do you want it absolute or limited—and by what? You answer: constitutional, I suppose.*
>
> *Whatever your answer may be, you are entered into a special register, and once entered, unless you lodge a complaint in the proper form and within the legal deadlines, you are henceforth either a subject of the king or a citizen of the republic. From that point on, you have nothing more to do with the government of others—no more than a Prussian subject has to do with the Belgian authorities.*
>
> *You obey your leaders, your laws, your regulations; you are judged by your peers, taxed by your representatives. You pay neither more nor less, but morally, it is something altogether different. In short, each person is in their own political state, exactly as if there were not, alongside them, another—or rather, ten other—governments, each with its own taxpayers* (De Puydt, 1860, p. 22) [1]

This quote from Paul-Émile De Puydt's article on 'Panarchy', published in Brussels in 1860, suggests that all citizens should be able to freely choose and change their own governmental systems (and thus also their tax and legal systems) by way of a 'political status', next to their civil status. De Puydt contends that such freedom of governmental choice would reduce unrest and prevent revolutions, as individuals could adopt the system that suits them best. In effect, this would create numerous parallel governments and legal systems, a Panarchy, leading to extreme legal pluralism and, also to numerous jurisdictional questions. According to De Puydt, legal issues arising between these different governments and citizens following

[1] Translation by the author. The original French version reads as followed : *« Vous connaissez le mécanisme de l'état civil? Il ne s'agit que d'en faire une nouvelle application. Nous ouvrons, dans chaque commune, un nouveau bureau, le bureau de l'état politique. Ce bureau envoie, à chaque citoyen majeur, une feuille de déclaration à remplir, comme pour la contribution personnelle ou l'impôt sur les chiens.*
Question. Quelle est la forme de gouvernement que vous désirez? Vous répondez, en toute liberté: monarchie, ou démocratie, ou autre chose. Question. Si c'est monarchie, la voulez-vous absolue ou tempérée … et par quoi? Vous répondez: constitutionnelle, je suppose. Quelle que soit, d'ailleurs, votre réponse, on vous inscrit sur un registre ad hoc, et une fois inscrit, et sauf réclamation de votre part, dans les formes et les délais légaux, vous voilà sujet du roi ou citoyen de la république. Dès lors, vous n'avez plus rien à démêler avec le gouvernement des autres, non plus qu'un sujet prussien avec l'autorité belge. Vous obéissez à vos chefs, à vos lois, à vos règlements; vous êtes jugé par vos pairs, taxé par vos représentants; vous n'en payez ni plus ni moins, mais, moralement, c'est tout autre chose. Enfin, chacun est dans son état politique, absolument comme s'il n'y avait pas, à côté de lui, un autre, que dis-je? dix autres gouvernements, ayant aussi chacun ses contribuables. »

different systems should be solved as they already were (and still are) via treaties, the law of nations (here entailing both private and public international law) and general principles of law.[2] Whilst this system some may see as utopian system would undoubtedly, like any other, encounter many troubles and create many new solutions, it brings up an important issue about an international multi-jurisdictional world that is not exclusively based on territory.

To some extent, such a 'panarchic' world exists in our present day and age. One can think of the avid forum (and law) shopping done by large companies and the adjoined competitive international dispute resolution market, sharply illustrated by the recent rise of International Commercial Courts (Kramer and Sorabji, 2019; Brekoulakis and Dimitropoulos, 2022; Theus, 2022). Other examples include the moving of companies to advantageous 'light touch & tax' jurisdictions, such as special economic zones, or the 'nationality/permanent residency' shopping by private persons by way of investor visa's (Abrahamian, 2015; Holleran, 2016). All of these imply moving and choosing between different and often competing jurisdictions.

Many jurisdictions themselves are establishing 'special jurisdictions' to gain a competitive advantage to attract investors. Before deepening any further, let us be clear that many definitions of special jurisdictions exist. One of them is given by Shikida and Christo (2024), namely '*extensions where a legal regime operates that is distinct from the rest of the original jurisdiction*' or by Bell (2023), '*areas where different laws apply than those that prevail more generally'*. Special Economic Zones (SEZs) are commonly seen the most widely utilized type of special jurisdictions. There are reportedly around 5400 SEZs in the world, and they have been defined in a 2019 UNCTAD report as '*geographically delimited areas within which governments facilitate industrial activity through fiscal and regulatory incentives and infrastructure support' (…) 'they provide a regulatory regime for businesses and investors distinct from what normally applies in the broader national or subnational economy where they are established*' (UNCTAD, 2019, p. 128). Chaisse and Dimitropoulos explicitly point out SEZs as 'special jurisdictions' in their definition: '*SEZs are different from international trade and investment norms because of the carving out of a 'special' jurisdiction for the application of a separate economic regime within the country—hence the term 'special economic zone* '(Chaisse and Dimitropoulos, 2021, p. 240). The essence of an SEZ thus seems to boils down to being 'a *demarcated geographic area contained within a country's national boundaries where the rules of business are different from those that prevail in the national territory*'(Baissac and Farole, 2011, p203; Freisler, 2022).

Many related concepts to special jurisdictions and SEZs, such as the concept of a Special International Zone (SIZ), defined by Bell (2018, p. 274) as '*an area that its host nation state places outside of its territory for the purpose of some local laws, leaving other such laws and applicable international obligations in force',* or the Charter Cities concept

[2] In his own words : *« Survient-il un différend entre sujets de gouvernements divers, ou entre un gouvernement et le sujet d'un autre? Il ne s'agit que de se conformer aux règles dès à présent observées entre nations voisines et amies, et s'il s'y trouve quelque lacune, le droit des gens et tous les droits possibles la combleront sans peine. Le reste est l'affaire des tribunaux ordinaires* » (De Puydt 1860)

(Romer, 2010) follow similar routes and focus on the economic aspect. Special jurisdictions are therefore in essence are exceptional semi-autonomous jurisdictional carve-outs from a 'host' or home jurisdiction in a certain or multiple fields. That 'home' or 'original' jurisdiction is often indeed the general sovereign State jurisdiction and is based on territory, as all of the above-mentioned definitions point out.

This is however not the full story. The present general understanding of the concept of special jurisdictions mainly focuses on 'economic' special jurisdictions and mostly disregards the existence of identity-based special jurisdictions, i.e. This is the so-called personality of laws doctrine in international law or personal jurisdiction. For the majority of history, the personality of laws (or personal jurisdiction) was the prevailing situation for most people: your city, tribal or religious affiliation determined the laws applicable to you and often followed you outside your original 'domain' (Guterman, 1966). A clear example of this is the 888 AD Treaty between the Venetian Doge Pietro Tribuno and the future Roman Emperor Arnulf of Carinthia, which stipulated that any Venetian in Imperial Italy would remain under the jurisdiction of the Doge and Venetian laws (Norwich, 1982, p. 82-83). This treaty expanded previous extradition rights with regard to criminals and was aimed at protecting Venetian merchants operating in Italy. The co-existence of a plurality of (foreign) legal systems in a certain territory and/or under a certain Sovereign was thus the norm and not the exception (Liu, 1925). This system over time morphed into the principle of extraterritoriality, which also saw the creation of consular courts, under which for example a Frenchman doing business in Shanghai in 1904 could be tried before a Shanghai-based French consular court under French law for damages.

Having said that, the main aim of this article is to present a more general theory on special jurisdictions that encompasses both the territorial and personal or identity elements, based on a literature review and certain historical and contemporary case studies such as he recognised religious minorities of Iran, the British Sovereign Base Areas of Akrotiri and Dhekelia in Cyprus, and the Dubai International Financial Centre (Ford, 1999; Berman, 2019; Serlet and Zuegel, 2022).

This article is structured as follows. First, I focus on the concept of jurisdiction itself. While this concept is hard to define precisely, I take a closer look at both the personal and territorial aspects it, in order to propose a new expanded, yet restricted, definition for special jurisdictions. My proposed definition will be clarified by three examples, drawn from the case studies previously mentioned. These three examples also illuminate another exceptional trait of special jurisdictions: they can be created by international or national law. In other words, special jurisdictions largely transcend all regular legal distinctions, including between national and international law. Certain special jurisdictions even go a step further and blur national borders themselves as 'transboundary special jurisdictions' as argued later in this article.

2. The Notion of Jurisdiction

2.1 General

The term jurisdiction itself is hard to define precisely. Its exact meaning alters with time, but especially according to the context and subfield in which it is used: the jurisdiction of public international law is not that of private international law, which is not that of national civil procedural law, which is not that of (international) tax law (Ryngaert, 2008; Mills, 2014, pp. 190–200; Hernández, 2022, pp. 210–235; Holderness , 2019; Malherbe, 2020, pp. 35–50; Pirlot and Culot, 2021, p. 899; Geringer, 2022).

In the context of the study of special jurisdictions it is however clear that the term deals with 'different rules from the original jurisdiction'. I therefore propose the following interpretation of the concept of jurisdiction: a specific system of law or a specific legal community (Berman 2019, p. 122; S. Allen et al., 2019, pp. 4-5; Ryngaert, 2008, pp. 5-6).[3] Or phrased more extensively: *an area or community wherein a specific set of rules is in place and enforced and which has a certain normative authority*. Such a wide reading of the concept means that we all live in multiple jurisdictions at once (Ford, 1999).

What the concept of jurisdiction for the purpose of this article is and is not can be clarified by the status of German island of Heligoland (Helgoland in German). The island is a municipality (= a jurisdiction) in the German state of Schleswig-Holstein (= two jurisdictions, the *Land* of Schleswig-Holstein itself and the Federal Republic of Germany), a member state of the EU (= a jurisdiction). For historical reasons (it was for around 80 years a British colony, see Knudsen, 2018), it is a VAT-free zone and, therefore, a VAT-tax paradise characterised by duty-free shops and the connected day trippers.[4] In German and EU VAT- and customs law, it is a special territory, but as it lacks any autonomy on VAT matters, it cannot be considered to be a tax jurisdiction of its own. This example immediately shows the multilayeredness of the term 'jurisdiction' and the fact that it can be limited to a certain field, such as tax or family matters or building permits, as the 'specific set of rules' in my definition implies.

2.2 A Certain Normative Authority

Especially the last part of the definition, 'a certain normative authority', or the possibility or power to enact and enforce a specific set of rules is of great importance. What exactly constitutes 'normative authority' once again highly depends on the context and the viewpoint. This is nicely illustrated by the following example from Israel:

[3] Or in Schiff Berman's words: '*In short, rather than being merely a fixed set of territorially based legal rules, jurisdiction (has always been a terrain of engagement among multiple overlapping communities and an ongoing site for contestation and legal pluralism*.' (Berman, 2019:p.122)

[4] Art. 6 Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, OJ L 347, 11.12.2006, p. 1–118. Also see: (Röpke, 2022; European Commission, 2024; Helgoland, 2024)

> *From the perspective of the secular constitutional system, the religious courts derive their legal powers from the statutes enacted by the Knesset (Israel's Parliament). The religious courts must abide by the laws of the Knesset as interpreted by the Supreme Court (according to the doctrine of stare decisis), even if these conflict with the religious interpretation of the personal law. The religious view is different: the religious courts view their authority as emanating from a religious normative system. This authority historically precedes the state, and is intrinsically valid, regardless of whether it is recognized by the secular law of the land. Encroachments on their autonomy to rule according to religious law, whether by legislation or by binding precedent of the Supreme Court, are therefore inherently problematic for religious courts to accept, notwithstanding the fact that they are recognized authorities within the secular system*. (…) *This division leads to intractable collisions between two normative systems, neither of which recognizes the superiority of the other's source of authority.* Scolnicov (2006, pp.734-735).

Defining normative authority is dependent on the concept of rules and norms, as well as on the hierarchy of these rules, all of which open up very complex and philosophical debates (Hart, 1997; Kelsen, 1937). This article only focuses on normative authorities that can create their own rules in at least some domains and are recognised or founded by law, irrespective of the level, as we shall see, and that can enforce their rules in some manner.

Courts are vital to the concept of normative authority, as it is via courts that the specific set of rules are upheld and enforced. However, not all normative authorities necessarily have their own court system; their rules can be enforced by those of another jurisdiction. Courts can, in other words, be shared between multiple jurisdictions. This happens daily: think for instance of a German federal court handling a case arising from a Heligoland municipal ordinance forbidding protests against the construction of a new navy outpost. Consequently, courts are generally not jurisdictions under my definition, as they do not enact a specific set of rules, but they rather adjudicate and interpret the rules and only make new rules when there are certain gaps.[5] Put otherwise: courts themselves can, for example, not enact a completely new all-encompassing family law legislation via a judgment – they make the law more incidentally (Endicot, 2020, p. 135). Only in some rare instances, such as was the case for the Mixed Courts of Egypt (1875-1949), can certain court systems be seen as jurisdictions when they have their own specific legal codes applying to them and can they change those codes and adapt new legislation in certain fields (Erpelding 2020). This discussion is of course closely related to the debates surrounding legal pluralism and the concepts of sovereignty, territoriality and jurisdiction under public international law (Willis, 1929, pp. 437–455; Jennings, 2002; Anghie, 2005; Kayaoğlu, 2010; Twining, 2010; Vanderlinden, 2013; Howland, 2016).

[5] This in itself is of course a whole debate on judges as 'law-makers'. (Sauveplanne 1982; Wolfe 1986; Troper and Pfersmann 2001; Endicott 2020)

2.3 Personal or Territorial Jurisdiction, 'Extra-Jurisdictionality' and Legal Pluralism

The examples of Heligoland and Israel above neatly illustrate the multi-jurisdictional world we all live in. The aforementioned reading of the concept jurisdiction closely aligns to when private international law/conflict of laws kicks in, namely when there is an 'international' or 'foreign' element present.[6] The 'foreign' signifies a contact or link with some system of law other than the law of the forum and can thus be inter-territorial, inter-personal (formerly known as 'inter-gentile law' , see Verstraete, 1940; Kollewijn, 1953; Lemaire, 1956; Resink, 1959), inter-religious or in older times even inter-customary (E.M Meijers, 1935, p. 42) and therefore need not necessarily transcend international state borders or in fact any territorial border (Bartholomew, 1952; Allott, 1958; Gouwgioksiong, 1965; Wähler, 1978; Bennett, 1980; Maqutu and Sanders, 1987; Berger, 2001, p. 89; Berger, 2005; Govindaraj, 2019; Okoli and Oppong, 2020, pp. 3–7). This is why both the term 'area' and 'community' are used: both personal and territorial jurisdictions exist.

Territorial jurisdiction is self-explanatory: a certain region, zone or area can have its own rules and these can be enforced within the defined territory. Jurisdiction can also exist on the basis of identity (sometimes known as the personality of laws). This can be, for instance, based on a tribal allegiance, religion, ethnicity or nationality (E.M Meijers , 1934; E.M Meijers, 1935, pp. 7–24; Guterman, 1966). Jurisdictions based on personality of laws entails that certain rules only exist for a certain community, i.e. a group of people and that these rules can be enforced amongst and against them. In short, their own rules and courts are attached to (an element of) their personal status.[7] This was very common in the Ottoman Empire under the millet-system (Barkey & Gavrilis, 2016). A good example of such a present-day personal jurisdiction system is the aforementioned religious court system in Israel (such as for example the Rabbinate courts), which has competence for most personal status matters depending on the religion of the involved parties, disregarding the nationality of the persons involved (Shava, 1985; Ghandour, 1990; Scolnicov, 2006; Levush, 2021).

Personal jurisdiction today is always 'territorialised' as it is a territorial State that allows for this system on (a part of) its territory and is ultimately responsible for the enforcement thereof. Therefore, one could state that territorial jurisdiction today is 'personified' by way of nationality (the state of belonging to the population of a certain territorial State[8]) and that amongst other effects, via nationality, one's own national laws can

[6] The use of the term jurisdiction in private international law however only relates to the competence of the courts to handle cases.

[7] Thus personal jurisdiction goes much further than the active personality principle of international law and it is also not linked only to nationality.

[8] Or as defined by the ICJ in the Nottebohm case (second phase), 6 April 1955, ICJ Reports 4, page 23: '*According to the practice of States, to arbitral and judicial decisions and to the opinions of writers, nationality is a legal bond having as its basis a social fact of attachment, a genuine connection of existence, interests and sentiments, together with the existence of reciprocal rights and duties. It may be said to constitute the juridical expression of the fact that the individual upon whom it is conferred, either directly by the law or as the result of an act of the authorities, is in fact more closely connected with the population of the State conferring nationality than with that of any other State.*'

have effect in another territorial State, especially with respect to personal status matters (Vonk, 2012, pp. 11–29; S. Allen et al. 2019, pp. 5–6).

The distinction, tension and overlap between both grounds is most evident in the original reading of the personality of laws, which entailed 'extra-jurisdictionality' or the employment of one's own jurisdiction outside of the original jurisdiction. Nationality or territory was still largely undefined, and borders and allegiances were often in flux. Still, all people were, of course, present in a certain physical area that was under the (nominal) control of a Sovereign (Ford 1999). Extra-jurisdictionality then was in effect the allowance of personal jurisdiction to a certain 'foreign' group by another Sovereign in their (ill-defined territorial) jurisdiction. For example, in the medieval county of Flanders, many cities had their own laws and customs, and many of these followed the burghers of a city when they moved to another city (E.M. Meijers, 1932, pp. 15–18). In the city of Bruges, the situation was even more complex as numerous foreign traders had their own consulates that housed consular jurisdictions. If, for example, two Lucchese tradesmen did business in Bruges and something went wrong, they could sue each other under Lucchese law before the Lucchese consular court in Bruges and they could enforce the judgment there. The Count of Flanders had granted this right or privilege to the Lucchese and many other nations (Gelderblom, 2013, pp. 109-110). Legal pluralism was thus the order of the day not only due to these international trading practices but also due to competing religious and state jurisdictions (Decock, 2017).

This extra-jurisdictionality and legal pluralism was not isolated to Europe: it was the norm for most of history (Liu, 1925; L.A. Benton, 2001; Theus, 2023). Later, when territory and territorial jurisdictions and the European territorial nation-state become more fixed, this concept arguably morphs into the better-known term of extraterritoriality – for current purposes meaning a foreign territorial State's laws being applicable to their own nationals in a different country (Liu, 1925; Margolies et al., 2019; Simon, 2021). Originally, this right was granted unilaterally by the Sovereign and could be easily revoked in times of war, but sometimes it was granted reciprocally (Özsu, 2016, pp. 129-132; Vanev, 2018).[9] Later, it was utilised by both European and non-European nations to build their (colonial) empires or gain influence abroad, but it largely disappeared by the late 20th century with the advent of the UN and decolonisation.

The complex relationship between both types of jurisdiction is perhaps best summarized as followed by Ford (1999, pp. 904): '

> *Jurisdiction in fact defines a relationship between the government and individuals, mediated by space. Territory acts as a medium of governmental power as well as its primary object. Territory is, in this sense, a container that holds a bundle of*

[9] Also see the right to Persian Consular Courts following the 1715 Treaty between the French King and the Persian Shah: Treaty of Amity and Commerce between France and Persia (signed at Versailles, 13 August 1715) 29 CTS 303

> *individuals and resources, just as fee simple ownership of real property consists of a bundle of rights.*

People and territory are hard to pull apart and for this reason the exact ground for jurisdiction remains hard to strictly define, without even taking into account the newly added layers of the digital world and globalization (S. Allen et al. 2019, pp. 7–8). The definition given thus remains open for debate and contestation, as do all other definitions of jurisdiction, precisely because the concept is so fluid (Yahaya, 2020).

3. The Concept of Special Jurisdictions

3.1 Definition

Certain jurisdictions are distinctive from a 'regular' jurisdiction, i.e. they are an out of the ordinary or unusual jurisdiction and are an exceptional carve-out from an overall jurisdiction. They are thus special jurisdictions or put differently: *an area or community with a certain normative authority wherein a specific set of rules is in place and enforced that are different from its home jurisdiction.* What the regular or overall jurisdiction is can vary and depends on one's viewpoint. In the contemporary world it can be said that nearly all special jurisdictions are exceptional carve-outs from regular State jurisdictions.

Special jurisdictions are carve-outs and not a self-standing sovereign jurisdiction such as Monaco, Singapore or other micro-states or city-states (Armstrong and Read, 1995; Dozsa, 2008; Sharman, 2017).[10] The concept of special jurisdictions is also related to questions surrounding 'autonomy' for minorities under international law (Suksi, 2015; Barkey & Gavrilis, 2016; Prina, 2020), but the crucial distinction here is that special jurisdictions are a wider concept that do not only involve 'minority jurisdictions' but also autonomous special economic zones or sovereign military base areas. The best way to clarify the wide angle of the concept is by way of three different examples. The first one is to be placed in the sphere of personal special jurisdictions (and minorities), and the other two in the sphere of territorial special jurisdictions.

3.2 Examples

3.2.1 Recognised Religious Minorities of Iran

In the contemporary Islamic Republic of Iran, certain 'recognised' minorities such as the Zoroastrians, Jews and Armenian, Assyrian and Chaldean Christians are entitled to have their own representatives in the National Assembly and to have their own courts and laws to handle personal status matters between themselves by way of Articles 13 and 64 of the

[10] They do however involve the Special Administrative Regions of Hong Kong and Macau, as these are very autonomous regions, but they remain under the sovereignty of the People's Republic of China.

Constitution.[11] These specific exceptions flow forth from their unique position in the history of Iran, especially their continuous right to have such courts and their own laws, and the religion of Islam itself (Herzig 2018). This entails that a divorce case two Iranian Armenians[12] will be dealt with under Armenian canon law, which is not to be confused with by Armenian state law. All other Iranians, including other non-recognized ethnic and religious minorities, fall under the 'regular' family and personal status laws of Iran, which are largely based on the Twelver Shi'ism's interpretation of Islamic law.[13] One could say that these recognised minorities are a special jurisdiction within Iran for family and personal status matters, as they can also set their own applicable laws, as opposed to the previously mentioned example of Israel, where religious courts are the regular jurisdiction for such matters as there are no secular family courts. For all other matters these minorities are not to be seen as a special jurisdiction, as these exceptions only exist in this field.

3.2.2 Cyprus: British Sovereign Base Areas of Akrotiri and Dhekelia

The second example relates to the British Sovereign Base Areas of Akrotiri and Dhekelia (SBA) in Cyprus, which are, in the words of Hadjigeorgiou and Skoutaris (2019, p. 3) '*an international law oddity*'. In recent history, Cyprus had belonged to the Ottoman Empire until 1870, when Cyprus came under the British Empire until its independence in 1960. The SBA today are a British Overseas Territory enclaved in an EU Member state. These bases are under 'limited' British sovereignty as confirmed by the 1960 Treaty of Establishment, an international agreement between the UK, Greece, Turkey and the then newly formed Republic of Cyprus ('RoC'). Most notably, it cannot be used for economic purposes (Stergiou, 2015). The SBA make up approximately 3% of the island of Cyprus, and within them are several villages inhabited by RoC citizens. There are no hard borders between the RoC and the SBA. The SBA is a special jurisdiction for both Cyprus and the UK. Regarding the latter, it is a British Overseas Territory (all of which are arguably special jurisdictions) with a distinct 'mini-constitution' or basic law and its own administration, legal and court system, that is quite different from the regular UK system (Sovereign Base Areas Administration, 2024a; Sovereign Base Areas Administration, 2024b). Regarding the former, it is a 'parallel Cyprus' for many matters and staff: Cypriot law, courts and institutions apply there 'extraterritorially' to Cypriot nationals resident there, following agreements between

[11] Also note art. 12 of the Iranian Constitution, which gives similar personal status rights to non-Shia Muslims. The Constitution of Iran (unofficial translation), can be found on https://www.constituteproject.org/constitution/Iran_1989.pdf. Also see: (Barry, 2018, p. 176).
In practice the regular Iranian courts merely confirm the judgment of a religious official in the matter at hand. The family law of the minorities is not codified. See: Law for Hearing Lawsuits on Personal Matters and Religious Issues of Zoroastrian, Jewish, and Christian Iranians (unofficial translation of the law), Official Gazette, 1372-04-03 (1993-06-24), No. 14138, as found on: https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=91909&p_count=96799. Also see: Ansaripour, 2011, p. 76 & Musawah, 2022, p. 7.
[12] Iranian Armenians do not necessarily hold Armenian nationality.
[13] Which itself has deep roots in Iran's pre-Islamic history (Macuch, 2017).

the SBA and the RoC and the 1960 Treaty, especially its so-called Annex 0 (Hadjigeorgiou and Skoutaris, 2019).

3.2.3. The Dubai International Financial Centre (DIFC)

Special jurisdictions are also actively being created in the 21st century. One of the best example of this can be found in the emirate of Dubai, United Arab Emirates. In 2004, the government of Dubai established the Dubai International Financial Centre by a regular law (DIFC, 2024a). The DIFC is based on common law and has a light tax regime. It has its own regulatory authorities and courts. Many key officials and judges are foreigners. The Zone has attracted quite some interest from foreign companies. Or in its own words: '*Amongst its 4,031 entities, DIFC is currently home to 17 of the world's top 20 banks, 25 of the world's top 30 global systemically important banks, five of the top 10 insurance companies, five of the top 10 asset managers, and many leading global law and consulting firms*'(DIFC, 2024b). The DIFC's 2021 contribution to Dubai's nominal GDP was estimated to be around 5 per cent, and the contribution of DIFC financial firms to the UAE financial services sector was over 13 per cent (DIFC, 2024b). Both numbers show the importance of the DIFC. That being said, the DIFC has certain issues related to its courts and its jurisdiction (Walker and Thadani, 2018; Bayer, 2022; Dudley, 2022).

It is important to note that the DIFC is not as novel as often claimed. The UAE only gained its independence from the UK in 1971. Up until then, it had British consular courts dealing with most cases that had a 'foreign' link. This included Dubai's forgotten first time in the global spotlights as one of the largest gold trading centres of the world in the late 1960s (Vernay 1968, 143–146). Likewise, after independence and until today many legal officials, practitioners and judges hail from Egypt, the contemporary legal system of which is heavily influenced by the case law of the aforementioned Mixed Courts of Egypt.

3.3 Main Characteristics

All three examples underline key factors of special jurisdictions: (i) the importance of history to understand the background or the continued existence of many special jurisdictions, (b) the fact that special jurisdictions can have different foundation grounds, ranging from international to national law, as well as (c) the different types of autonomy it can have from its 'home' (State) jurisdiction. Many types and examples of special jurisdictions exist, ranging from Ceuta in Spain and the Azores of Portugal in Europe, to Native American jurisdictions in the USA and far beyond (Ley Orgánica 1/1995, 13 marzo, de Estatuto de Autonomía de Ceuta, BOE núm. 62 de 14 de Marzo de 1995; Prucha, 1997; Swenden, 2006; Smith, 2013; Catawba Digital Economic Zone, 2024).

The exact functioning and structure of the home (State) jurisdiction is important in order to define a specific jurisdiction as 'special' or not: if a particular jurisdiction has unique competences and powers as opposed to others of the same level, then we can speak of a special jurisdiction. If not, we are merely talking about separate jurisdictions (for example,

the different municipalities of a country or federal entities). In a way, the study of special jurisdictions is thus closely related to that of comparative federalism.[14] Both share the same goal or function: to accommodate certain groups, especially via non-territorial or personal federalism and/or regions within a larger framework (Burgess, 2006). The connection between special jurisdictions and federalism is logical as states are today still the main anchor points of all law and many states themselves consist of a collection of different tribes, religions, nations and regions . In some cases this has led to federations such as the United States, Brazil or Germany. In other cases it has led to special jurisdictions, with a few territories or groups managing to keep or regain unique privileges within a new State.

However, the study of special jurisdictions goes beyond comparative federalism, which understandably remains locked within the framework of a State, its Constitution and State Sovereignty. Federalism requires 'constituent units' that work together for some competences on the federal level. Even though asymmetrical federalism exists, there is still a gap with special jurisdictions. Constituent units are always part of a state or (supranational) union-building exercise. In contrast, special jurisdictions are exceptional situations that are not necessarily part of a state or union-building exercise (Burgess, 2013). Special jurisdictions can also be very limited in scope, unlike in federal states, wherein the constituent units have quite far-reaching autonomy and autonomous institutions (Cameron and Falleti, 2005). Special jurisdictions also exist beyond constitutions and can be established by treaties, as we have seen in the case of the Sovereign Bases in Cyprus. Another example of a special jurisdiction created by a treaty is the still-existing Sharia or Mufti courts in Northern Greece, mandated by the Treaty of Lausanne of 1923.[15] The Western Thracian Muslim community has different rules and institutions applicable to them, but as Greece is a unitary State, comparative federalist scholars do not study this exception (Swenden, 2006, pp. 17–18).

This brings me to the following point: many special jurisdictions are characterised by a certain degree of internationalisation. As just mentioned, some are founded by treaties, whereas other special jurisdictions, such as the DIFC, actively employ foreigners in official capacities, such as judges, out of their own initiative. 'Internationalised' special jurisdictions have a long history and some have played an important role in global history. Think for example of 'International Shanghai' (+-1854-1941/43), which comprised of the International Settlement and the French Concession. Whilst officially remaining under Chinese sovereignty, the international part of the city was *de facto* a semi-city-state run by Western powers under various international, national and local laws, resulting in what could be called transnational or shared colonial special jurisdiction (Jackson, 2017). It was an important centre of global commerce and finance and rivalled the other global cities of the time

[14] Especially as scholars in this field also often study unions, constitutionally decentralized unions, federations, associated states, condominiums, leagues, joint functional authorities. See: (Cameron and Falleti, 2005, p. 262; Swenden, 2006, p. 13).

[15] Art 42, §1 states: '*The [Greek] government undertakes, as regards [Muslim] minorities in so far as concerns their family law or personal status, measures permitting the settlement of these questions in accordance with the customs of those minorities*.' Also see: (*Molla Sali v. Greece* 2018; M. Berger, 2019; Tsitselikis, 2019).

(Kaufman, 2020, pp. 77-82). One of its main characteristics was the fact that it was visa-free, which also led it to host many Jews fleeing Europe in the late 1930s and during World War II, even when it was under Japanese Occupation (Kaufman, 2020, pp. 145-175). It was also the main gateway to China for foreign (mostly Western) investors. For example, by 1929, 77 per cent of British investment in China and 65 per cent of American investment went into Shanghai, mainly into the International Settlement. The main reason for this was, in the words of Jackson (2017, p. 6):

> *These investors wanted to be sure that their capital was secure for the foreseeable future, that the infrastructure they needed would be maintained, that their legal rights would be protected by courts and a police force, that their staff in Shanghai would be protected from disease and that the labour required for their mills and factories would be reliable.*'

Similar things can be said of the International Zone of Tangier (1923-1956), which was like Shanghai, a case of a transnational or shared colonial special jurisdiction (Hettstedt, 2022). The International Zone was a special jurisdiction within the French and Spanish protectorate system that existed over Morocco from 1912 until 1956, and was co-governed by certain Western powers such as France, Spain, Italy, the United Kingdom, the Netherlands and Belgium. In Tangier, as in Shanghai, the legal set-up was quite complex, in Tangier there were for example up to 7 different legal and court systems existing in parallel with each other (Nefussy, 1949). Your exact legal status, including which court you could go to, therefore depended on your nationality. After World War II, it was dubbed the 'gold safe' of Europe and it was a major global banking hub, as well as an important entrance point for foreign investment into Morocco, because of its status and functioning as a low-tax internationalised special jurisdiction (Simpkins, 1950).

Both Tangier and Shanghai were also major cultural and political hubs, and due to colonial competition, there was no clear ruling power, leading to a more open atmosphere. It is no coincidence that many key Chinese figures, such as Mao Zedong, lived in international Shanghai, and many Moroccan and other Arab independence activists found respite in international Tangier (Kaufman, 2020, pp. 80-81, 94-97; Stenner, 2016; Benjelloun, 1996). With the fall of Shanghai in 1949 to the very communists it had once harboured, another port city in the region took in many of its successful inhabitants and its vibrant 'internationalised' energy: the British Crown Colony of Hong Kong (Kaufman, 2020, pp. 232-236). Today, the Hong Kong Special Administrative Region retains certain strong 'internationalised' aspects inherited from the refugees of international Shanghai and their former British rulers, such as the presence of judges from common law countries, under the One Country, Two Systems policy of the People's Republic of China (PRC). As such, it is a special jurisdiction of the PRC (Gittings, 2016; Geping and Zhenmin, 2007). Likewise, the handover and reintegration period of the International Zone of Tangier into Morocco from 1956 until 1960 saw its status

as a tax and financial hub and haven been taken over by many contemporary ones such as Switzerland and Luxembourg (Ogle, 2020, pp. 220-224).

Internationalisation of a special jurisdiction does seem to have had a positive impact on attracting foreign investment, as just mentioned. This still seems to ring true today. For example, the impact of the Qatar Financial Centre (QFC) – a special jurisdiction similar to the earlier mentioned DIFC – on Qatar's overall GDP was around 1% in 2020, and that number has risen since then (Qatar Tribune, January 12, 2023). However, there are many different factors to take into account, such as the location and infrastructure of the special jurisdiction, the geopolitical and global economic climate, … . Further qualitative research on the (economic) impact of internationalisation on special jurisdictions is necessary and could complement the central findings of Katherina Pistor's groundbreaking work the Code of Capital (2019) and the works of Daron Acemoglu, Simon Johnson and James Robinson, the laureates of the 2024 *Sveriges Riksbank* Prize in Economic Sciences in Memory of Alfred Nobel, which all point to the importance of (the origins of the) institutions and the (rule of) law in creating wealth.

Here I should also point out that special jurisdictions can exist within a special jurisdiction too. In this way, special jurisdictions are similar to enclaves, counter-enclaves and exclaves (Prescott and Triggs, 2008, p. 40; Berger, 2010). An example to help illustrate these 'enclave special jurisdictions' can be found in the just mentioned International Zone of Tangier. In the territory of the International Zone there was also the Cap Spartel lighthouse, which was de facto an 'enclave' special jurisdiction within the International Zone as it was run by an international organisation which predated the establishment of the International Zone and thus different rules were applicable to the Lighthouse (Bederman, 1996).

3.4 Transboundary Special Jurisdictions; Navigating between the Strict Divisions of Law?

This brings me to the following and arguably the most complex part of this article: the existence of transboundary special jurisdictions that negate international state borders and exist outside of any international treaty. A good example of this is the continued existence of the ecclesiastical courts and their own legal codes concerning family law matters, which seemingly negate any official State borders between Israel, Palestine and Jordan or as described by Engelcke (2022, p. 287):

> *The way family law is institutionalized in Jordan means that there are several sovereign actors when it comes to jurisdiction in family law matters: the Jordanian state has jurisdiction in matters of Islamic family law over Muslim Jordanians, and the eleven officially recognized non-Muslim communities have jurisdiction over their community members. The Greek Orthodox Patriarchate of Jerusalem has jurisdiction over family law matters pertaining to Jordanian Greek Orthodox Christians. The patriarchate's sovereignty, its 'ecclesiastical sovereignty,' extends beyond Jordan's state boundaries, encompassing the regulation of family law for Greek Orthodox*

> *Christians in Jordan, Israel, and Palestine. Ecclesiastical sovereignty is a form of legitimate authority. It means that the patriarch in Jerusalem, the head of the Greek Orthodox Patriarchate, has the authority to determine relatively independently the norms of the Byzantine Family Code which those countries that belong to the patriarchate apply. Hence, territory, sovereignty, and jurisdiction do not map onto one another in the case of the Byzantine Family Code*.'

In short, the situation she describes is a unique 'shared' transboundary special jurisdiction between Israel, Palestine and Jordan that is a continuation of the Ottoman millet system and which was not changed during the British mandate over the area nor by the independent states that followed (Barkey & Gavrilis,2016). Church institutions thus fulfil key State attributes for multiple States and nationalities simultaneously, which is not the case in European States that have retained ecclesiastical courts, such as for example Italy (Ferrari and Ferrari, 2010, pp.443-445). Whilst there has been a reform from the Jordanian side in 2014, strong 'extraterritorial' links (even to the Papal Courts in Rome) remain (Engelcke 2022, pp. 297–300).

Similar situations of shared transboundary special jurisdictions can arguably arise in situations of weak state authority and in transboundary tribal cases in countries with customary courts, such as in Nigeria (Nyíri, 2012). Likewise, religion in some cases overrules nationality in private international law. The recently established bilingual (English-Arabic) non-Muslim Family Court system in the Emirate of Abu Dhabi, United Arab Emirates is a good example of this (Nowais 2021). This court has jurisdiction if both parties are foreigners or non-Muslim citizens, but in some cases, if one party is Muslim, it cannot have jurisdiction, and the regular Sharia courts of the Emirate will have jurisdiction.[16] Nationality thus sometimes plays no role here; merely the religion of the parties involved. Abu Dhabi is not the exception here throughout the Middle East, both past and present (Hamzeh, 1994; Berger, 2002; Foblets and Loukiliv, 2006, pp. 529–530). Religious rules can therefore override regular private international law rules, or phrased differently: there can be a clash of sovereignty between the religious and the secular orders, as already mentioned in the case of Israel.

This can only be explained by the fact that international borders and nationality are not always clear and often don't correspond with the reality on the ground: the Middle Eastern concept of State and nationality seemingly does not correspond with the ones in Western Europe and beyond. As the aforementioned examples highlight, the concept of State can be interpreted differently and/or wider than often presumed (Yntema 1953, 297; Maqutu and Sanders, 1987, p. 386; Juenger, 2000, pp. 1134–1142; Banu, 2018; Okoli and Oppong, 2020, pp. 3–7; Kim, 2021, Chaisse and Dimitropoulos, 2021, pp. 231–232; Dimitropoulos, 2021, p. 373; Hatzimihail, 2021; Hernández, 2022, pp. 27–29). Questions surrounding the

[16] Article 5 of Resolution No. (8) of 2022 concerning the Marriage and Civil Divorce Procedures in the Emirate of Abu Dhabi.

exact status of *sui generis* polities such as the Sovereign Military Order of Malta and the Holy See likewise come to mind. These two are defined as '*non-State sovereign entities*' (E. Allen and Prost, 2022, p. 176) or the Holy See specifically as a '*sui generis entity'* (Morss, 2015, p. 928) *or 'sui generis non-State international legal person*'(Ryngaert 2011, p. 855), or the position of certain Native American Tribes (Prucha, 1997; Smith, 2013). But perhaps they should rather be seen as special jurisdiction within the general jurisdiction of public international law?[17]

4. Conclusion

Many contemporary special jurisdictions have ancient roots and have been re-affirmed over the centuries and by the modern day legal order. Think for example of Mount Athos in Greece, one of the most important places in Orthodox Christianity, which is still largely run by Orthodox monks and which has its own laws and courts – still heavily infused with Eastern Roman influences – and is also mostly outside EU law. Its special status is confirmed by both the Greek Constitution and the EU and other treaties (The Constitutional Charter of the Holy Mountain of Athos, 1924). Special jurisdictions are also actively still being created this day. Some of these new special jurisdictions have far-reaching autonomy. Think of the aforementioned DIFC and QFC, but there are also the Astana International Financial Centre and the Abu Dhabi Global Markets that spring to mind, that have a similar set-up. Other examples include Próspera or the Catawba Digital Economic Zone.

This article has shed some light on the history behind special jurisdictions to highlight the fact that special jurisdictions do not necessarily need to fulfil an economic role and that both personal and territorial special jurisdictions exist, both elements that are often overlooked. A crucial element to speak of a special jurisdiction is that it should have a certain autonomy. This implies that many now-designated special jurisdictions, such as regulatory sandboxes, should not necessarily be seen as special jurisdictions under my proposed definition as they lack meaningful normative authority, i.e. the possibility or power to enact and enforce a specific set of rules

This also entails that the most contemporary common special jurisdictions, SEZs, should primarily be characterised according to their normative authority and autonomy. Many SEZs are designated by their home jurisdiction's laws to have certain tax, customs, licencing and/or other exceptions, which automatically makes them an exception in the 'home' jurisdiction. Many SEZs have a certain degree of normative authority with respect to those granted exceptions, for example with respect to building permits and company licences that can be granted by the SEZ authority under specific SEZ regulations that differ from the regulations applicable in the 'home' jurisdiction. SEZ authorities often also oversee the

[17] Public international law itself can indeed be viewed a legal system or jurisdiction and can therefore raise questions as to what law has to be applied in a certain court and which court has jurisdiction. This 'conflicts of law' view on public international law was quite widely held in the interbellum and is masterfully put forth in (Marchegiano, 1931).

enforcement of the home jurisdiction's laws in other domains. However, SEZs lacking any meaningful normative authority and autonomy should perhaps not be considered to be a special jurisdiction. More comparative research on SEZs from this angle would be valuable.

To conclude, special jurisdictions are 'places in between' our general understanding of law and deserve to be studied as a field of law on their own. They offer fascinating insights into the power of 'a line in the sand', i.e. how law can shape and form society and the economy.

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The Shift Towards Increased Autonomy in Special Jurisdictions: Legal and Regulatory Implications for Governance, Sovereignty, and the Innovation Economy

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Abstract:
This paper examines the global shift towards greater autonomy in special jurisdictions and its implications for governance, sovereignty, and economic innovation. It conceptualises autonomy along four interdependent dimensions: legal-regulatory, fiscal, judicial, and economic. The paper argues that their combined configuration, rather than any one element, determines how Special Jurisdictions function and how they interact with the host-state. Drawing on theories of polycentric governance and case studies such as Hong Kong SAR and the Dubai International Financial Centre, the paper shows how carefully bounded autonomy can attract investment and foster regulatory experimentation while the state retains ultimate authority. It concludes that Special Jurisdictions work best as laboratories of evolving bounded autonomy, where meaningful discretion is coupled with clear reference mechanisms back to the sovereign, allowing experimentation to reinforce rather than erode state sovereignty.
Keywords: Autonomy, Sovereignty, Dispute Resolution, Regulation, Law

Resumen:
Este artículo analiza el giro global hacia una mayor autonomía de las jurisdicciones especiales y sus implicaciones para la gobernanza, la soberanía y la innovación económica. La autonomía se entiende a partir de cuatro dimensiones interdependientes – jurídico-regulatoria, fiscal, judicial y económica – y se sostiene que es su configuración conjunta, más que cada elemento por separado, la que determina el funcionamiento de las Special Ju…m risdictions y su relación con el Estado anfitrión. A partir de los marcos de la gobernanza policéntrica y de estudios de caso como Hong Kong SAR y el Dubai International Financial Centre, el artículo muestra cómo una autonomía cuidadosamente acotada puede atraer inversión y promover la experimentación regulatoria sin que el Estado pierda la autoridad última. Se concluye que las 7 funcionan mejor como laboratorios

de “autonomía acotada y evolutiva”, donde la discrecionalidad significativa se combina con mecanismos claros de referencia al soberano, de modo que la experimentación refuerza, en lugar de erosionar, la soberanía estatal.
Palabras Clave: Autonomía, Soberanía, Resolución de disputas, Regulaciones, Derecho

1. Introduction

Over the years, a wide spectrum of special jurisdictions (Special Jurisdictions) has emerged. Some are designed as free trade zones or offshore financial centers to attract global capital. Others function as innovation-driven economic hubs, or even constitutionally entrenched autonomous regions with self-rule. One constant runs through all Special Jurisdictions though: autonomy, even though the degree, nature, and implementation of that autonomy varies significantly.

To look at it systematically, this paper structures the exercise of autonomy along four critical dimensions: legal and regulatory, judicial, economic, and fiscal. The pace of experimentation shaping these dimensions has accelerated markedly in recent decades. Experimentation can occur first in how a Special Jurisdiction is established (through statute, executive order, or other legal means) and then in how it operates to foster innovation (e.g., testing licenses, sandboxes, and pilot programs). As a result, Special Jurisdictions today are no longer just purpose-built enclaves. Instead, they are increasingly seen as laboratories for new technologies and businesses, as well as for novel approaches to governance, regulation, and judicial systems.

While autonomy often acts as a catalyst for efficiency, innovation, and competitiveness, it is not in itself a guarantee of sustainable growth. Autonomy must be balanced against national sovereignty, which anchors legitimacy, territorial integrity, and political checks and balances.

The precarious balance of enabling autonomy while protecting sovereignty is crucial to maintain and depends strongly on the respective context. While autonomy in Special Jurisdictions is argued to increase policy agility, and help attract capital and talent via targeted, and often novel, regulatory approaches (Alexianu, Saab, Teachout, & Khandelwal, 2019), it may also raise coordination costs, fragment standards, and, if poorly specified, even encourage forum shopping, create jurisdictional conflict or revenue leakage. The central challenge, then, is to grant Special Jurisdictions sufficient autonomy to thrive while safeguarding sovereignty against erosion that could compromise broader governance. There is no one-size-fits-all solution to this task; the balance between autonomy and sovereignty is inherently dynamic and deeply context-dependent.

Drawing on a comparative review of selected cases, this paper examines the autonomy-sovereignty dynamic across diverse Special Jurisdictions. It argues that while legal, judicial, fiscal, and economic autonomy are distinct elements, their interplay defines actual impact, and how the autonomy-sovereignty relationship ultimately plays out, sometimes cooperatively, at other times conflictual and potentially destabilizing .

This paper highlights four dimensions of autonomy to approach the topic: (i) legal, regulatory, and constitutional autonomy, (ii) fiscal autonomy, (iii) judicial autonomy, and (iv) economic autonomy. These dimensions have not been chosen arbitrarily; together they capture the core levers through which Special Jurisdictions typically exercise meaningful self-responsibility. Each dimension of autonomy is then examined in relation to its interaction with other dimensions, as well as in relation to national sovereignty. In practice, this means looking not only at the formal allocation of powers, such as the ability to make laws, raise revenues, or adjudicate disputes, but also at how these powers are applied, tested, and adapted over time.

The paper then focuses on two specific Special Jurisdictions: Hong Kong Special Administrative Region (Hong Kong) and the Dubai International Financial Centre (DIFC). It does so to illustrate how different configurations of legal, fiscal, judicial, and economic autonomy are institutionalised in practice within distinct sovereign contexts, and how these configurations shape the balance between experimentation and state authority. It also turns briefly to more recent or in-progress Special Jurisdictions, which have not been in existence long enough to allow for a robust assessment of their performance across the four dimensions. Nonetheless, their institutional frameworks provide valuable insights into the evolving trend of creating Special Jurisdictions with progressively greater degrees of autonomy.

2. Analyzing Sovereignty and Autonomy

Sovereignty denotes the supreme authority of a state (Oxford English Dictionary, n.d.). This is an evolution from the classical notion of the absolute and perpetual power of a commonwealth by Bodin (1576/1967.) In this paper, sovereignty is used as the state's capacity to retain ultimate authority while structuring differentiated governance arrangements through delegated powers. Likewise, autonomy is a practical expression of how sovereignty is exercised. It represents how specific powers and responsibilities are delegated by a sovereign, via constitutional, statutory, and/or contractual instruments, in most cases, with some degree of retained oversight and ultimate responsibility (Bendor et al., 2001).

In the context of Special Jurisdictions, autonomy plays out as the capacity of the Special Jurisdiction, via its governing body, to make decisions and govern itself autonomously. Autonomy is generally granted or devolved by a central authority of the host-state, allowing the autonomous Special Jurisdiction to exercise certain powers under its own responsibility (Wolff, 2017). The degree of autonomy may vary, but at the core, all Special Jurisdictions possess some degrees of autonomy, granted by a host-state, with the host-state retaining some sovereign oversight. We have chosen to divide this autonomy along four dimensions:

2.1. Legal, Regulatory and Constitutional Autonomy

Legal autonomy within Special Jurisdictions is achieved through deliberate carve-outs from the national legal system, and these can take several forms. In some cases, the autonomy is entrenched in the constitution itself, making it deeply embedded in the state's legal foundation and difficult to change without significant consensus. For example, in the case of Hong Kong, autonomy is constitutionally entrenched through the Basic Law of the Hong Kong Special Administrative Region (National People's Congress of the People's Republic of China [NPC], 1990) , enacted under the Sino-British Joint Declaration (National People's Congress of the People's Republic of China, 1990; Government of the United Kingdom & Government of the People's Republic of China, 1984).

In others, autonomy is granted by parliamentary statutes where legislatures pass special laws conferring unique privileges and exemptions, such as the establishment of the Qatar Financial Centre (QFC) by law (State of Qatar, 2005, art. 2; Art. 18).

The legal and regulatory backing may also be a hybrid of legislative and executive instruments. For example, in India, the Gujarat International Finance Tec-City (GIFT City) originated as a state-led executive initiative under the Gujarat Town Planning and Urban Development Act and the Special Economic Zones Act, and was later elevated through central government notifications establishing India's first International Financial Services Centre. Its autonomy was subsequently institutionalised with the enactment of the International Financial Services Centres Authority Act (Government of Gujarat, 1976; Government of India, 2005, 2019).

Regardless of their form, all these arrangements allow Special Jurisdictions to emerge either as ringfenced islands of exceptionalism, distinct from their surroundings, or as integrated villages within urban or national landscapes that nonetheless operate under rules tailored to their own purposes.

Legal, regulatory and constitutional autonomy creates a fertile ground for drafting novel legal instruments (including laws and regulations), and creating bespoke institutional frameworks. Freed from the inertia and slow-moving processes of national bureaucracies, Special Jurisdictions become laboratories of regulatory innovation. They are also able to adopt novel practices and frameworks that may be unfeasible at the national level.

In Shenzhen, for instance, China used the Special Economic Zone to trial market-oriented reforms, foreign direct investment policies, and private ownership rules long before they were extended nationwide (Zeng, 2010). Likewise, DIFC, by way of a constitutional amendment and statutory changes, introduced an entirely separate commercial law system based on English common law, allowing global firms to operate under a known framework distinct from the domestic legal order (DIFC, 2004). Estonia's e-Residency program, effectively a digital jurisdiction, pioneered the idea of extending state services and business incorporation to non-residents worldwide through the provision of digital infrastructure (Republic of Estonia, n.d.). Alat Free Economic Zone (AFEZ) in Azerbaijan adopted a distinctive legal framework that stipulates that, with very few exceptions, the AFEZ has the

authority to create and enforce its own laws, effectively disapplying a majority of the national legislations unless explicitly applied. (AFEZ, n.d.). In each case, the Special Jurisdiction has functioned as a controlled environment where radical regulatory or technological reforms could be pioneered, assessed, and, if successful, scaled up.

Sometimes, it is argued that creating Special Jurisdictions with a certain degree of autonomy weakens the sovereignty of host-states (Hathaway, 2008). In fact the opposite is true. Granting a measure of autonomy is a clear and deliberate exercise of sovereignty. These jurisdictions are not established outside or in competition with national sovereignty but operate squarely within the constitutional and sovereign framework of the host-state. When carefully calibrated, these autonomous frameworks can significantly strengthen sovereignty by allowing the state to act as a host for legal and commercial innovation.

By creating controlled environments for experimentation, the host-state retains ultimate oversight, while also signalling flexibility and openness to the world. This dual role allows national governments to capture the benefits of innovation, whether through foreign investment, enhanced reputation, or knowledge transfer. The risks of regulatory fragmentation remain, yet, with proper design, autonomy in Special Jurisdictions can serve as a powerful instrument for actually reinforcing, rather than eroding, the sovereignty of the host-state.

The Metis Institute has collaborated with, and continues to collaborate with, a host of governments and private investor consortia to advance such novel approaches to legal, regulatory and constitutional autonomy. Its work focuses on establishing Special Jurisdictions that operate with a custom-tailored degree autonomy, ensuring that these zones can implement frameworks that meet specific economic and developmental objectives.

2.2. Fiscal Autonomy

Fiscal autonomy within Special Jurisdictions is generally related to the power of the purse, or the authority to raise, allocate, and control money within the Special Jurisdiction. Fiscal autonomy can range from modest privileges to sweeping financial powers.

At the lighter end of the spectrum, Special Jurisdictions may be empowered to grant limited tax exemptions, such as duty-free trade or reduced customs tariffs, designed to attract commerce and investment. For example, Jebel Ali Free Zone in Dubai, attracts international businesses by offering decades-long tax holidays and customs exemptions, effectively creating one of the world's most successful duty-free trade hubs (Jebel Ali Free Zone, 2024). At the other end, fiscal autonomy can evolve into full-fledged financial freedom, where Special Jurisdictions do not collect and retain their own revenues and regulatory fees, and may even issue their own bonds. For example, Abu Dhabi Global Market (ADGM) charges its own registration and licensing fees for businesses operating within its jurisdiction (ADGM, n.d.). The Export Processing Zones Authority in Tanzania sought to engage the private sector to develop the zone through participation of the capital markets by issuing bonds (Construct Africa, 2023). In such cases, the Special Jurisdiction is not merely adjusting the host-state's

fiscal framework but actively constructing one of its own, positioning itself as a parallel financial authority. Hong Kong has long operated on the basis of its own revenue model, relying heavily on land sales and a simplified tax regime that gave it both autonomy and leverage within its relationship with mainland China (National People's Congress of the People's Republic of China, 1990, art. 62(4), art 107-108).

When measured against national sovereignty, the crucial question is the degree to which such fiscal independence strengthens or fragments the state's sovereign power over revenue. On one hand, excessive fiscal autonomy can possibly create insulated silos of revenue streams within a sovereign state. On the other hand, fiscal autonomy can enable Special Jurisdictions to build their own revenue and reinvest it into infrastructure, services, and innovation within the Special Jurisdiction, thereby amplifying their global competitiveness while still contributing indirectly to the host-state (Afonso et al., 2024; Mladenovska & Tashevska, 2024).

While, at first glance, fiscal autonomy for the Special Jurisdiction may appear like lost revenue for the host-state, closer analysis tends to reveal the significant GDP and jobs impact of Special Jurisdictions. Consequently, there is also an increased demand for goods and services in adjacent mainland areas, which typically translates into higher host-state fiscal revenues and/or reduced pressure on the host-state's social welfare system (Saab, Teachout, & Khandelwal, 2019).

2.3. Judicial Autonomy

Judicial autonomy within Special Jurisdictions is structured through the establishment of dispute resolution ecoystems designed to deliver adjudicatory outcomes in the Special Jurisdictions that are neutral, efficient, and predictable, in some cases in contrast to the slower or less consistent processes of the host-state's judiciary. In its most autonomous version, judicial autonomy takes the form of wholly separate court systems, operating under their own procedural and substantive rules. They are often modeled on established international legal traditions such as English common law. DIFC Courts, for example, operate separately from the United Arab Emirates judiciary, using a common law system overseen by international judges, thereby attracting global financial institutions that value predictability (DIFC Courts, n.d.). That said, and to avoid misunderstandings, DIFC Courts are still courts of Dubai, and thereby the United Arab Emirates.

At a more limited level, autonomy may manifest in the creation of specialised branches (or even benches within existing courts) that function with tailored rules and procedures to better serve commercial or international disputes. For example, the Singapore International Commercial Court (SICC) is a specialised division of the High Court and part of the Supreme Court of Singapore, set up to handle cross-border commercial disputes - particularly those involving international parties (SICC, n.d.).

Dedicated arbitration centers are also established to promote alternative modes of dispute resolution for commercial disputes in (and sometimes even outside) the SPJ. Using Singapore again as example, the Singapore International Arbitration Centre has built a reputation for efficiency and neutrality, becoming a hub for cross-border commercial dispute resolution across Asia (Charted Institute of Arbitrators, 2024).

These fora are frequently staffed by judges, arbitrators, and legal experts drawn from outside the host jurisdiction, lending them an international character and bolstering perceptions of impartiality. By creating these fora, Special Jurisdictions send a strong signal of credibility, predictability, and respect for international legal norms, thereby increasing investor confidence and deepening their integration into global networks of commerce and law.

When considered in the context of national sovereignty, judicial autonomy presents both opportunities and challenges. On the one hand, autonomous judicial frameworks can generate positive spillovers for the mainland system by encouraging quick dispute resolution, raising standards of judicial practice, and enhancing the host-state's reputation as a fair and reliable partner in global commerce. They can also serve as testing grounds for innovations in procedure and case management, such as deployment of blockchain in creating a repository of judgements, or AI to aid in judicial decision making. These innovations can then inform judicial reform at a national level. For example, ADGM Courts have pioneered the publication of judgments to the blockchain, enabling enforcing commercial courts to independently and instantly verify the authenticity of judgments (ADGM, 2022). On the other hand, multiple avenues for dispute resolution can encourage forum shopping, undermine the perceived legitimacy of national courts, and possibly even erode confidence in the sovereignty of the host-state's judicial authority. The central challenge, therefore, lies in ensuring that judicial autonomy operates as a complement rather than a competitor, reinforcing rather than fragmenting the legitimacy of the broader legal order.

2.4. Economic Autonomy

Economic autonomy within Special Jurisdictions takes shape through the creation of specialised economies designed to operate under frameworks distinct from the broader national economy. By tailoring regulatory environments, Special Jurisdictions function as incubators for frontier industries (Tabarrok, 2022). The result is not merely the attraction of capital and talent but the cultivation of ecosystems where experimentation is embedded by structure and encouraged by culture.

Economic autonomy within Special Jurisdictions often emerges through the creation of autonomous regulatory regimes, and even autonomous regulators, distinct from the host-state's central institutions. By separating regulatory authority, Special Jurisdictions can build credibility with international investors, offering frameworks that reflect global standards while freeing themselves from domestic bureaucratic constraints. This institutional

independence signals neutrality and efficiency, making these jurisdictions magnets for capital and innovation.

As an example, finance as a sector is typically supported in Special Jurisdictions through the presence of an independent financial regulator. By granting regulatory bodies autonomy from the host-state's central financial institutions, Special Jurisdictions create environments where innovation can flourish under rules tailored to global market expectations. This separation enhances credibility, attracts international investment, and allows jurisdictions to build reputations as hubs of trust and efficiency in sectors where neutrality and predictability are paramount (Morriss & Ku, 2024).

For example, the Astana International Financial Centre (AIFC) in Kazakhstan operates its own independent regulator, the AIFC Financial Services Authority (AFSA), which functions separately from Kazakhstan's national financial regulatory bodies (AFSA, n.d.). This autonomy allows the AIFC to apply international standards and provide investor-friendly regulations tailored to global capital markets.

Special Jurisdictions also offer a great place for sandbox-led innovation testing. In Hong Kong, the Hong Kong Monetary Authority (HKMA) launched the Fintech Supervisory (FSS) in 2016 (HKMA, n.d.), enabling banks and their technology partners to pilot fintech solutions with limited regulatory flexibility. Similarly, the ADGM has fostered innovation through initiatives such as its RegLab accelerator (ADGM, n.d).

When measured against national sovereignty, the question is whether such enclaves act as engines of reform and reputational strength for the host-state, or whether they risk creating islands of prosperity that fragment national economic coherence. Properly calibrated, independent regulators can serve as catalysts for growth and innovation; if left unchecked, they may weaken the unity of national economic governance (Gilardi & Maggetti, 2011).

3. Interplay of the Dimensions of Autonomy and Relationship with Sovereignty

While the relationship of each dimension of autonomy (legal and regulatory, fiscal, judicial, and economic) with each other and with sovereignty can be analysed individually, in practice all these elements function as interdependent, symbiotic components of a single ecosystem, a relationship. This symbiotic relationship is not unique to Special Jurisdictions and finds antecedents in established institutional theory.

The interaction amongst the dimensions of autonomy and overall sovereignty reflects what institutional theorists describe as polycentric governance, a set up in which multiple centres of authority coexist within a shared institutional order (Ostrom, 2010). In Special Jurisdictions, each dimension of autonomy in a way reflects a centre of authority, such that each centre continually interacts with the others. The interactions are embedded within a shared institutional order, which, in case of Special Jurisdictions, is marked by the overarching sovereign regime, which ensures coherence and legitimacy and thereby lends anchoring as

well as credibility to the Special Jurisdictions. This dynamic relationship amongst the centres of power encourages adaptive governance in Special Jurisdictions, thereby enabling continual innovation and experimentation (based on V. Ostrom, Tiebout, & Warren, 1961; E. Ostrom, 2010).

Now, how does this theoretical framework play out in light of the four dimensions of autonomy discussed earlier in this paper? In Special Jurisdictions, legal and regulatory autonomy establishes the foundational rules that allow Special Jurisdictions to operate under their own framework. This autonomy can only be effectively exercised when supported by fiscal capacity. Without fiscal autonomy, even the most sophisticated legal framework remains constrained by dependence on central funding. Conversely, fiscal autonomy without a clear legal mandate risks generating tensions with sovereign authorities, as financial discretion unmoored from statutory legitimacy can be perceived as encroaching on sovereignty.

Judicial autonomy, in turn, provides the channel through which both legal and fiscal autonomy acquire credibility. Independent courts and dispute-resolution mechanisms ensure that Special Jurisdictions' laws are interpreted and enforced predictably, which is essential for investor confidence and regulatory experimentation. Judicial autonomy also reinforces economic autonomy by ensuring fair adjudication in commercial matters, thus encouraging entrepreneurship and innovation. In this way, the judiciary acts as the stabilizing factor.

Finally, economic autonomy serves as both an outcome and enabler of the other dimensions. Where Special Jurisdictions can regulate sectors independently and generate their own economic activity, they create feedback loops that strengthen fiscal capacity and often, justify further legal differentiation. Economic success reinforces the legitimacy of legal and judicial autonomy, making it politically sustainable to confer the autonomy.

The four dimensions of autonomy, therefore, form an interdependent cobweb, as illustrated in Figure 1 below: legal rules define boundaries of autonomy, fiscal power sustains operational autonomy, economic autonomy encourages diversification and innovation and judicial mechanisms guarantee and reinforce autonomy. Therefore, sustainable autonomy in Special Jurisdictions depends not on the strength of any one dimension, but on combined strength of all four and the coherence of their interaction with each other. Yet, the balance is precarious. Too much autonomy, bereft of sovereign oversight, risks unintended regulatory divergence; too little autonomy, conversely, may stifle innovation and undermine economic objectives.

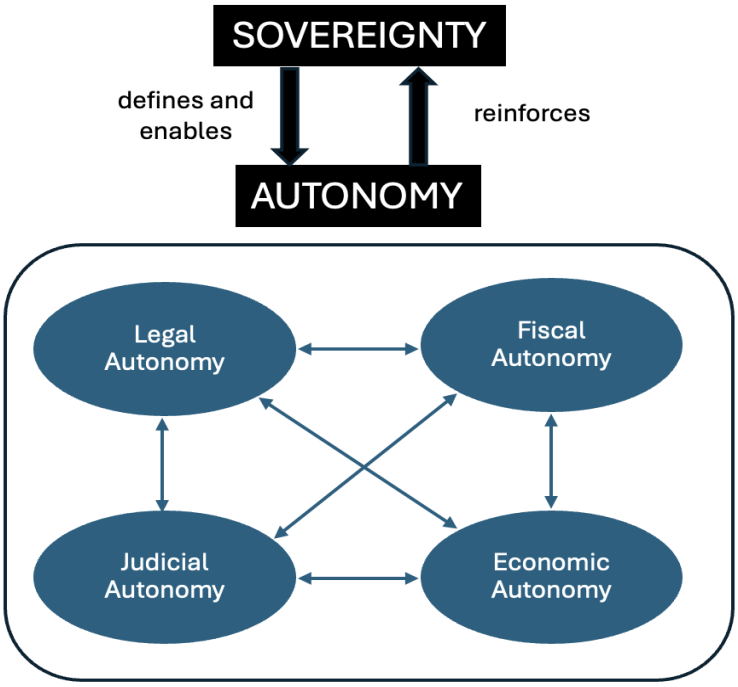

Fig 1: Autonomy Framework for Special Jurisdictions. Source: The Authors

There is no strict formula for the right degree of autonomy within a sovereign framework, or for ascertaining what strength of which autonomy dimension is ideal for building a successful Special Jurisdiction. Generally, effective Special Jurisdictions function within an evolving bounded autonomy model, where the sovereign delegates meaningful discretion across the four dimensions, as necessary, but balances it by retaining control, or at least some degree of oversight, through supervisory or policy mechanisms. This balance is rarely static: it keeps evolving through negotiation, performance, and political trust, reflecting the dynamic equilibrium between experimentation and authority that underpins successful jurisdictional design.

Early experiments with special jurisdictions in Astana, Kazakhstan, such as the Astana New City SEZ established in the early 2000s, faced institutional and operational constraints. Despite economic autonomy, limited legal, judicial, and fiscal autonomy translated into limited economic growth: by 2015, only 6% of the SEZ's total investment came from FDI. Despite USD 700 million investment in infrastructure, the Astana New City SEZ employed only 2,650 people by 2016 (Gout, 2025).

The creation of AIFC in 2015 marked a significantly different approach to Special Jurisdictions by Kazakhstan, characterized by a multidimensional framework of autonomy. Legally, AIFC operates under a distinct common law system; judicially, it has dedicated courts staffed by international judges through; fiscally, autonomy is reinforced by its self-financing

model and regulatory independence, while economically, autonomy is advanced through innovation mechanisms such as the FinTech Lab and Digital Assets Framework. The AIFC hosts over 2,500 registered companies from more than 80 countries and ranks among the top 10 financial centres in Eastern Europe and Central Asia (Wardle & Mainelli, 2025).

4. Case Studies

This section examines a few notable Special Jurisdictions that offer a good balance of varying degrees of legal, fiscal, judicial, and economic autonomy, which in turn enables adaptive governance in these Special Jurisdictions. The case studies that follow, Hong Kong and DIFC, highlight different variations of the sovereignty-autonomy relationship in action. Each represents a distinct model of how carefully structured carve-outs can foster growth, innovation, and global integration, while also raising questions about their impact on sovereignty and governance. This section also analyzes briefly the new models of the sovereignty-autonomy relationship, all different in configuration, but ultimately geared towards attracting investment, experimenting with new regulatory frameworks, and fostering global innovation.

4.1. Hong Kong SAR

Hong Kong is one of the most prominent examples of a Special Jurisdiction with autonomy spanning legal, fiscal, judicial, and economic domains under the "one country, two systems" framework. Anchored in the Sino-British Joint Declaration and entrenched in the Basic Law, this model guarantees a high degree of autonomy for fifty years after the 1997 handover. Yet, it reserves the ultimate interpretive authority of the Basic Law to the National People's Congress Standing Committee (National People's Congress of the People's Republic of China, 1990, art 158; Government of the United Kingdom & Government of the People's Republic of China, 1984).

This has allowed Hong Kong to preserve its common law tradition, complete with a separate legislative council, an independent bar, and the freedom to enact and enforce commercial and financial regulation (National People's Congress of the People's Republic of China, 1990, arts. 35, 66–79, 85, 88, 109–110, 118). A fully independent judiciary often staffed by judges from common law jurisdictions, together with arbitration centres and specialised courts has reinforced its role as a leading venue for arbitration in Asia, as reflected by findings of the International Arbitration Survey (Queen Mary University of London, 2021).

The Basic Law also guarantees an independent budget and financial system. Revenues are locally raised through taxes, land sales, and fees, and expenditures determined without remittance to Beijing (National People's Congress of the People's Republic of China, 1990, art. 62(4), art 107-108). Low tax rates, fiscal reserves, and a simple revenue regime underpin Hong Kong's global competitiveness.

Economic autonomy in Hong Kong has manifested through its ability to maintain a capitalistic economy, free movement of capital, and regulatory authority over financial markets (National People's Congress of the People's Republic of China, 1990, arts. 109–110, 112). The HKMA manages the US dollar peg and oversees one of the world's most sophisticated banking systems. These arrangements positioned Hong Kong as China's primary gateway for foreign investment and capital raising.

Hong Kong's economic autonomy has also had profound spillover effects on the mainland. The proximity of Shenzhen, once a small fishing villag, allowed it to benefit from Hong Kong's integration with global markets. Shenzhen's rise as a Special Economic Zone in 1980 was heavily shaped by its position adjacent to Hong Kong, enabling technology transfer, capital inflows, and managerial expertise (Reil & Hooks, 2020). Today, according to news reports, Shenzhen has emerged as a powerhouse of innovation, having surpassed Hong Kong in terms of GDP (He, 2018; Shephard, 2019). It is also home to marquis technology players like Huawei and Tencent.

Overall, these special status rules have enabled Hong Kong to emerge as a global financial centre trusted by international investors who valued the continuity of legal predictability and rule of law. For Hong Kong, ongoing changes to the different dimensions of autonomy present it with the fresh task of ensuring that it remains competitive at a global stage.

4.2. Dubai International Financial Centre (DIFC)

DIFC stands as a prominent example of how carefully circumscribed carve-outs can generate meaningful autonomy in law, judiciary and economy, while leaving national sovereignty and control over matters such as law and order intact. Established under a constitutional amendment in 2004, and given statutory form under an establishment law, the DIFC was created as a ringfenced jurisdiction to be promoted as a hub for financial activity (Government of UAE, 2004, art. 3; Government of Dubai, 2004, art 3).

DIFC operates under its own body of laws, draws on international best practices, and is supervised by an independent financial regulator: the Dubai Financial Services Authority (DFSA) (DIFC, 2004), as well as independent common law courts (DIFC Courts, n.d.). Importantly, this autonomy is limited: political, security, and criminal jurisdiction remain firmly within the federal state, ensuring that sovereignty is reinforced rather than strained. This sustained duality has strengthened Dubai's reputation as a global financial hub while demonstrating that parallel legal orders can coexist under sovereign authority.

DIFC's judicial autonomy stems from its independent courts, which have not displaced national courts but has augmented their reach. DIFC Courts offer a specialised forum for financial and commercial disputes, and are staffed by international judges, thereby boosting overall investor confidence (DIFC, 2004). Fiscally, the DIFC earns its own revenue through licensing fees, regulatory charges, and service revenues (DIFC, n.d.).

Economically, the DIFC has become one of Dubai's key growth engines (Dubai International Financial Centre, 2024). It hosts conventional financial powerhouses, such as banks, funds, asset managers, family offices and insurance companies, while positioning itself as a hub for fintech, digital assets, and innovation. Over the years, through initiatives like the Innovation Testing License and sandboxes for digital assets, the DIFC has embraced the innovation economy, providing a controlled environment where firms can trial new technologies with regulatory oversight (DFSA, n.d.). Today, DIFC has positioned itself as a hub for AI and Web3 innovation through its dedicated Innovation Hub (DIFC, n.d.).

The DIFC's model has proven influential. Its statutory framework, common law courts, and independent regulator have inspired similar projects across the Middle East and beyond. The ADGM was created in 2015 on Al Maryah Island with its own courts and regulator; QFC in Doha and Bahrain Financial Harbour (**BFH**) in Manama have adopted comparable structures to attract international finance and diversify their economies. This trend underscores how the creation of autonomous financial enclaves is reshaping the governance of capital flows, embedding global norms within national jurisdictions, and recalibrating the balance between sovereignty and openness.

From a governance perspective, the DIFC has demonstrated that narrow, well-defined carve-outs can complement state sovereignty. By confining autonomy to financial and business affairs, the UAE has avoided political or security fragmentation, while gaining the benefits of global trust, capital inflows, and reputational prestige. For innovation, the implications are significant: Special Jurisdictions like DIFC provide regulatory testbeds where frontier technologies, such as AI, digital payments, digital assets and tokenization, can be trialed without exposing entire national systems to risk. As a result, DIFC is consistently ranked among the top ten global financial centres, with surveys highlighting its reputation for legal certainty, dispute resolution, and regulatory clarity (Wardle & Mainelli, 2025).

4.3. Other Upcoming Jurisdictions

Beyond the well-established hubs like Hong Kong, DIFC, and a couple of others not mentioned in this article, a new generation of Special Jurisdictions is emerging. Some are emerging as cross-country zones, others as digital jurisdictions. And then, there are some micronations in the making. A perusal of their framework confirms that these models are still young, making it difficult to offer definitive assessments of their long-term performance across the dimensions of autonomy. Nonetheless, they are valuable as early indicators of how states and non-state actors are experimenting with cross-border cooperation, statutory frameworks, digital infrastructures, and even symbolic micro-jurisdictions to expand the frontier of governance innovation.

First, the Johor–Singapore Special Economic Zone (JS-SEZ) offers an ambitious experiment in cross-border jurisdictional design. Announced in 2023, it represents the first joint zone between two sovereign states, linking Singapore's financial and technological base

with Johor's land, labour, and manufacturing capacity. Unlike traditional Special Jurisdictions, which operate within a single state's legal and constitutional framework, the JS-SEZ is premised on regulatory cooperation across national boundaries. Interestingly, it is built on hybrid sovereignty: a jointly managed space where trade, investment, and labour mobility are facilitated without requiring the merger of legal systems (Singapore Economic Development Board, 2023).

Autonomy in the JS-SEZ is therefore more functional than constitutional. There is no new legal system or independent judiciary; rather, both states retain their sovereignty while agreeing to streamline customs, taxation, and regulatory procedures within the zone. The multi-sectoral focus spans logistics, digital trade, manufacturing, and the green economy. Singapore contributes its strengths in finance, digital infrastructure, and regulatory credibility, while Johor offers space, resources, and industrial depth. This creates opportunities for complementarity: Singapore gains access to cost-efficient production bases, and Johor benefits from capital inflows, skills transfer, and closer integration with one of the world's leading financial hubs.

Yet, the very novelty of the model poses challenges. With no single regulator or court system, investors will need clarity on dispute resolution, tax treatment, and cross-border enforcement. Questions remain over whether the zone will develop joint regulatory institutions or rely on mutual recognition between the two systems. The success of the JS-SEZ will depend on the ability of Malaysia and Singapore to maintain stable cooperation, avoid regulatory fragmentation, and ensure that benefits are distributed equitably. If these hurdles are managed, the JS-SEZ could pioneer a new class of Special Jurisdictions: cross-border enclaves that pool sovereignty to capture growth opportunities while setting precedents for regional integration in the innovation economy.

If Johor-Singapore SEZ reflects state-led experiments with cross-border or statutory autonomy, Estonia shows how jurisdiction can be reimagined in purely digital form. Launched in 2014, its e-Residency program offers individuals worldwide the ability to register companies, access digital banking, and use government services remotely—effectively creating a transnational digital jurisdiction. Unlike traditional Special Jurisdictions, e-Residency does not confer citizenship or tax residence, but it enables borderless corporate governance under Estonian law (E-Residency of Estonia, n.d.). This model demonstrates how autonomy can be exercised through digital infrastructure, aligning with global demand for remote business solutions and embedding Estonia within international debates on digital governance.

Finally, at the fringes of jurisdictional experimentation lies Liberland, a self-proclaimed micronation founded on disputed territory between Croatia and Serbia. Liberland represents a libertarian experiment in blockchain-based governance, proposing decentralised digital citizenship, blockchain property registries, and tokenised governance structures (Liberland, n.d.). While its political legitimacy is contested, Liberland highlights how

emerging "micro-jurisdictions" use technology to promote radical ideas about sovereignty and self-rule. It illustrates both the potential and the limits of blockchain as a foundation for new forms of jurisdictional autonomy.

5. Conclusion

Special jurisdictions occupy a unique space in the global governance landscape: they act as laboratories of legal, judicial, fiscal, and economic experimentation. As the case studies of Hong Kong, DIFC, and others illustrate, autonomy can generate powerful advantages, such as streamlined regulation, investor confidence, fiscal innovation, anpd catalytic economic spillovers.

Yet, each also shows that autonomy is never absolute. It is negotiated within sovereign frameworks, and its legitimacy depends on maintaining the delicate balance between flexibility and oversight.

The durability of the experiments depends on sustainable and adaptive design of Special Jurisdictions. Resilient Special Jurisdictions are those that are adjusted to their local political and legal contexts. In these Special Jurisdictions, autonomy is typically designed as a polycentric system, with clear reference mechanisms to the sovereign, albeit in varying forms.

As highlighted, the sovereignty/autonomy relationship may be different for each Special Jurisdiction, and there is no one size fits all. Yet, it is certain that in some way or the other, legal, judicial, fiscal and economic autonomy operate under and relate to national sovereignty. It is this dynamic and calibrated interplay that allows innovation to flourish and Special Jurisdictions to become hubs of growth.

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Journal of Special Jurisdictions

Friction into Flow: Building a Global Marketplace for Digital Jurisdictions

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Abstract:
Special economic zones remain highly fragmented, requiring entrepreneurs to navigate heterogeneous procedures, fees, and opaque administrative processes across more than 7,000 zones worldwide. This descriptive paper examines Tools for the Commons (TftC) as an early-stage case study of an emerging e-governance marketplace that provides unified access to multiple digitally enabled jurisdictions through a single interface. TftC operates as a governance-as-a-service platform integrating with Digital Free Zones, jurisdictions characterized by API-first administrative systems, enabling users to discover, compare, and c‹xomplete incorporation, licensing, and residency processes while reducing transaction costs and information asymmetries. The analysis situates the case study within a framework that treats jurisdictional access as a coordination problem and evaluates TftC across three dimensions: technological architecture and operational viability; public-sector authorization and institutional constraints; and scalability and investment pathways. The findings suggest that the e-governance marketplace model is technically feasible and partially realized in practice, but that broader scalability depends on resolving payment infrastructure constraints, aligning governmental incentives for administrative delegation, and articulating a coherent investment proposition, offering practical insights for policymakers, technologists, and investors examining digital approaches to competitive governance.
Keywords: Competitive governance, Digital Free Zones, e-Governance, Governance-as-a-service, Jurisdictional access, Public–private partnerships, Special Economic Zones, Transaction costs

Resumen:
Las zonas económicas especiales siguen estando altamente fragmentadas, lo que obliga a los emprendedores a navegar por procedimientos heterogéneos, tarifas y procesos administrativos opacos en más de 5.400 zonas en todo el mundo. Este artículo examina Tools for the Commons (TftC) como un estudio de caso en etapa temprana de un mercado emergente de e-gobernanza que ofrece acceso unificado a múltiples jurisdicciones habilitadas digitalmente a través de una única interfaz. TftC opera como una plataforma de gobernanza como servicio que se integra con Zonas Libres Digitales, jurisdicciones caracterizadas por sistemas administrativos API-first, permitiendo a los usuarios descubrir, comparar y completar procesos de constitución, licenciamiento y residencia, al tiempo que se reducen los costos de transacción y las asimetrías de información. El análisis sitúa el estudio de caso dentro de un marco que entiende el acceso jurisdiccional como un problema de coordinación y evalúa a TftC en tres dimensiones: arquitectura tecnológica y viabilidad operativa; autorización del sector público y restricciones institucionales; y escalabilidad y vías de inversión. Los hallazgos sugieren que el modelo de mercado de e-gobernanza es técnicamente viable y se encuentra parcialmente realizado en la práctica, pero que su escalabilidad más amplia depende de resolver limitaciones en la infraestructura de pagos, alinear los incentivos gubernamentales para la delegación administrativa y articular una propuesta de inversión coherente,

[1] Disclaimer: The author does not have any financial relation with the platform here discussed.

ofreciendo aportes prácticos para responsables de políticas públicas, tecnólogos e inversionistas que analizan enfoques digitales de la gobernanza competitiva.
Palabras clave: Acceso jurisdiccional, asociaciones público-privadas, e-gobernanza, gobernanza como servicio, gobernanza competitiva, transacciones, Zonas Económicas Especiales, Zonas Libres Digitales

1. Introduction

Special economic zones (SEZs) have long served as instruments for attracting investment and experimenting with regulatory and administrative arrangements (Bell, 2023). In recent years, the expansion of digital public infrastructure and cross-border service delivery has given rise to new forms of jurisdictional experimentation, including e-residency programs, digital incorporation services, and partially virtualized administrative regimes. Likewise, advances in application programming interfaces (APIs), digital identity systems, and data interoperability now allow governments to expose administrative functions, such as registration, licensing, taxation, and compliance, through programmable systems. These developments raise the possibility of a multi-jurisdictional digital layer through which users could interact with multiple special jurisdictions via a single platform. Together, these developments point to a gradual shift toward the digitization of jurisdictional services and the partial decoupling of governance functions from physical territory. However, the feasibility and scalability of such arrangements remain underexplored.

Despite this evolution, access to jurisdictions remains highly fragmented. Likewise,the process of selecting jurisdictions for incorporation or residency is characterized by high transaction costs and information asymmetries (Baldacchino & Basheska, 2023; Lombardo & Pasotti, 2008). To incorporate a business or establish residency, global talent must navigate a fragmented operational maze. Despite thousands of potential jurisdictions and special economic zones worldwide[2], this rich menu of options remains largely inaccessible in practice. The process of discovering and evaluating an optimal zone is too often opaque, costly, and siloed (Baldacchino & Basheska, 2023; Lombardo & Pasotti, 2008). Each jurisdiction has its own array of forms, fees, agents, and timelines, which forces founders who seek business optimization to hire specialist lawyers or navigate government contacts to receive a basic evaluation on a zone's offerings. For founders seeking to incorporate in jurisdictions aligned with their company's goals, the search and evaluation process is often time-intensive and shaped by uneven transparency regarding incentives, administrative procedures, and compliance obligations (Baldacchino & Basheska, 2023; Lombardo & Pasotti, 2008).

Indeed, entrepreneurs and globally mobile firms seeking to incorporate businesses or establish legal residency across borders continue to face heterogeneous legal systems, opaque procedures, and high reliance on intermediaries. Without insider networks, significant

[2]UNCTAD's 2019 inventory identifies approximately 5,400 special economic zones worldwide, while UNCTAD's 2022 Global Alliance initiative refers to roughly 7,000 zones represented by its founding members (UNCTAD, 2019; UNCTAD, 2022).

funding, or local expertise, global entrepreneurs lack the context to make rational apples-to-apples comparisons between jurisdictions. Pressed for time and uncertainty surrounding how to navigate the complexity of incomplete information, founders default to familiar choices rather than potentially better-fit jurisdictions. The result is a stagnating landscape that stifles competitive governance. As a result, jurisdictional choice is often shaped by familiarity and informational constraints rather than institutional fit. While existing scholarship has examined the design and performance of special jurisdictions (Frazier 2018, Zeng 2021,Chaisse 2020), far less attention has been paid to how such jurisdictions might be accessed, compared, and administered through shared digital interfaces.

This paper addresses that gap by examining the concept of an e-governance marketplace for Digital Free Zones (DFZs). Digital Free Zones are here understood as a type of (SEZ) designed primarily for participation in the digital economy, with regulatory and administrative frameworks tailored to technology-focused and service-based firms that do not rely on physical manufacturing or goods production (Itana, 2024). Rather than evaluating DFZs in isolation, the analysis considers whether multiple DFZs can be integrated into a unified digital marketplace that enables cross-border discovery, comparison, and completion of jurisdictional processes. Only a few well-known jurisdictions capture most entrepreneurs, resulting in a lose-lose scenario: global talent does not choose the best fit for their needs, and smaller or more innovative jurisdictions struggle to attract talent and necessary capital due to a lack of market visibility. Marketplace fragmentation becomes, therefore, the core friction point, where Zones do not have an efficient way to be discovered by the founders tailored for their jurisdictions. Similarly, founders have no clear mechanism to find or compare jurisdictional options. As a result, entrepreneurs and jurisdictions operate in largely disconnected institutional environments, with limited mechanisms for structured comparison or coordination. There are, however, tools aimed at reducing this asymmetry by such as Tools for the Commons (TftC) website (Tools for the Commons, n.d.). This paper provides a detailed explanation of this platform function highlighting the advantages of centralizing jurisdiction shopping for Zone entrepreneurs and investors.

The first part of this paper frames the problem of fragmented access to special jurisdictions, highlighting how jurisdictional choice for incorporation or residency is shaped by high transaction costs and persistent information asymmetries. It situates this challenge within the broader context of competitive governance and recent advances in digital public infrastructure, introducing the idea of an e-governance marketplace as a potential coordination mechanism. Building on this framing, the paper examines Tools for the Commons (TftC) as an exploratory case study, focusing on its technical architecture, user workflows, and operational design as an early-stage governance-as-a-service platform. The analysis then turns to the institutional and regulatory conditions under which public administrations may authorize private digital operators to deliver official administrative services, drawing on interviews and ongoing public–private partnership discussions. The paper concludes by discussing the broader implications of e-governance marketplaces for Digital Free Zones,

including incentives for jurisdictional participation, scalability constraints, and potential investment considerations.

2. Methodology

This study employed a qualitative, single-case study design of the website Tools for the Commons (TFTC). From this e-governance platform, the paper placed particular attention to the platform architecture, legal and policy considerations, partnership strategies, and go-to-market aspects.

Interviews were conducted with four individuals with direct responsibility for the platform's technical, legal/compliance, and commercial strategy functions. There were Breno Marques Pereira, Legal Counsel; Vagner Perez, Chief Financial Officer; Lucas Russo, Head of Business Development; and Gustavo Correia, Lead Engineer.

Data was primarily collected through semi-structured interviews of sixty to seventy five minutes each. The main questions revolved around platform architecture, such as API standards, the platform's security, and data flows. In terms of legal and policy topics, questions were asked regarding data protection risk allocation, compliance, and auditability implications. The Zone selection criteria also occupied a good number of questions, as well as adoption hurdles and implementation constraints.

To better grasp the platform features, interviews were complemented with direct observation of the platform workflow. This included a guided walkthrough led by the lead engineer (Gustavo Correia). During this session, the engineer demonstrated the end-to-end process for setting up a test company within the TftC environment.

It is important to note that findings and the descriptions that follow are derived from a single organizational case of trying to set up a test company. Therefore, the information presented here may not capture constraints present in production deployments or jurisdiction-specific procurement and compliance environments.

Because evidence is drawn from interviews and a beta walkthrough, this paper aims to distinguish between (i) implemented features observed in the demo environment, (ii) capabilities reported by the team as deployed in pilots, and (iii) planned functionality contingent on partner-jurisdiction authorization.

3. Case Study: Tools for the Commons

Tools for the Commons (TftC) is an early-stage, Brazil-based governance-as-a-service platform that offers a real-world prototype of an emerging e-governance marketplace. It is being developed to provide digital governance infrastructure for a network of interconnected free zones across Africa, Latin America, and beyond, partnering with administrations to launch blockchain-native zones and digitize core administrative procedures.

The platform already supports several zones, including the fully digital Zanzibar Autonomous Zone, Mata in Rio de Janeiro, and administrative workflows for Itana in Nigeria

and Próspera in Honduras, and is negotiating a decentralized-architecture zone in Kazakhstan (Astra). TftC acts both as a zone aggregator that integrates jurisdictions that already have digital free zone (DFZ) capabilities into a unified platform that standardizes access, services, and interfaces and as an infrastructure architect in contexts without DFZ systems, such as Zanzibar's Autonomous Zone, where it helps design and deploy foundational digital infrastructure (governance APIs, onboarding flows, legal-tech rails, and compliance tooling).

Architecturally, Tools for the Commons is being built as an e-governance marketplace app. In its planned form, a single user will be able to manage multiple companies across different jurisdictions within one digital environment: forming new entities in supported zones, onboarding existing companies from traditional jurisdictions, managing payments, and handling corporate governance tasks. This paper examines TftC to assess which elements of this model are robust and where practical adaptations are required.

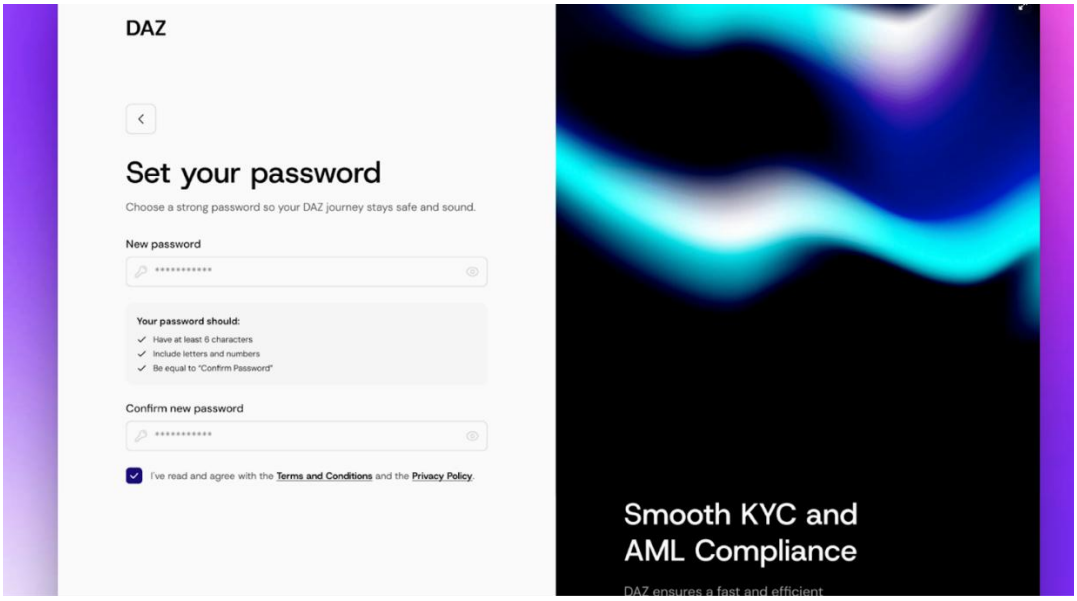
3.1. User Onboarding & Digital Identity

Upon signing up via the website, Digital Access Zone, a user undergoes a Know Your Customer (KYC) identity verification. Once verification is complete, the system automatically provides a personal blockchain wallet for the user (currently on the Polygon network). This personal wallet is tied to the user's individual profile. Users can utilize it to hold digital assets and interact with on-chain features of the platform. The role of the wallet is to generate a digital identity specific to the platform users.

After KYC and wallet setup, the user's digital identity can be extended into various jurisdictions. Each supported zone has its own system for e-residency or business registration, and the platform integrates services via direct connection to host government's administrative APIs. For example, if a user decides to establish a presence in the Zanzibar Autonomous Zone, the platform transmits the user's verified identity data to Zanzibar's e-residency system. In return, the user receives an official e-resident ID, which is then linked to the user's profile on the platform known as the Digital Access Zone (DAZ), and their DAZ profile. The DAZ is used here to describe Tools for the Commons' platform layer that provides unified digital access to participating jurisdictions and their administrative workflows; DAZ is not itself a jurisdiction, but an access and orchestration environment. This means the user's DAZ identity now includes a recognized Zanzibar e-residency credential. Over time, the vision is to maintain a unified digital identity that is recognized across many partner zones, simplifying cross-jurisdictional access through one platform. However, to date, each jurisdiction still issues its own identifiers. The DAZ, though, aims to serve as a single interface managing ID continuity across zones.

Figure 1

Platform KYC.



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3.2. Company Onboarding: Existing Businesses vs. New Incorporation

Once a user's ID is verified and profile is established, the platform allows two main pathways to manage companies: (a) onboarding an existing company or (b) creating a new company. Both paths result in a company profile on the platform with integrated financial accounts and governance tools. The option exists to onboard an existing company. In doing so, the platform´s workflow brings a pre-existing business (formed outside the platform) into the DAZ system. The user provides key details of the company, official name, registration number, jurisdiction of incorporation, business address, etc., and lists all shareholders or beneficial owners. Using this information, the platform conducts compliance checks on two levels. First, it does the Know Your Business (KYB) for the entity and, second, it performs KYC for each listed owner.

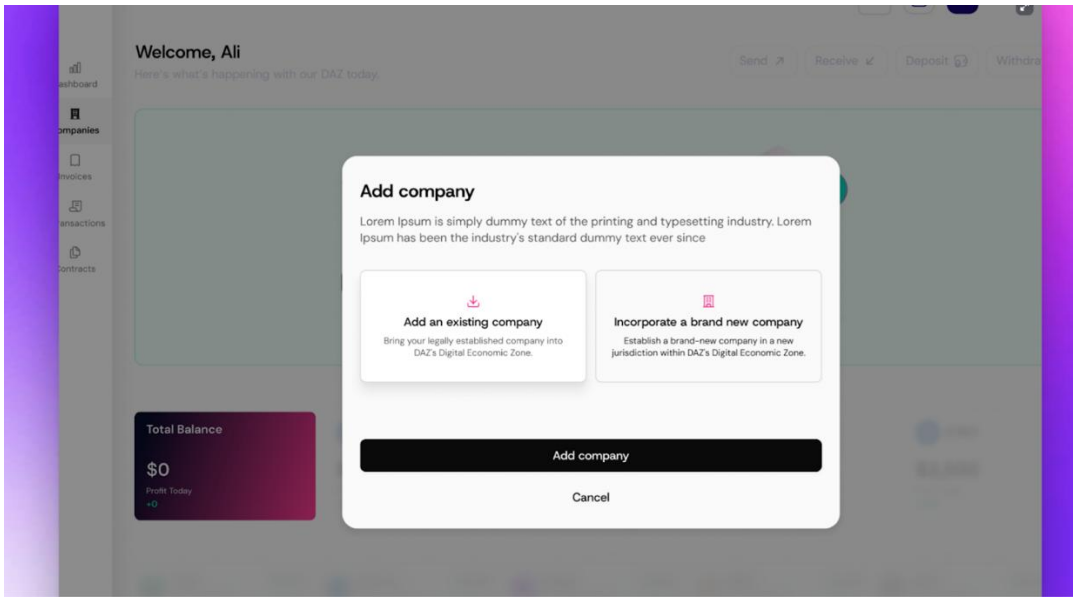
KYB is an established practice and involves verifying the company's legitimacy and status, querying official business registries to ensure the company is active and in good standing (Moody's, 2024). The company onboarding remains in a pending state until every shareholder is verified, and the company itself clears KYB checks. This requirement ensures that all stakeholders meet compliance standards before the company becomes active on the platform. Once these conditions are satisfied, the company's status switches to active, and the company has become a recognized corporate entity within DAZ. At that point, the platform

generates a digital wallet for the company, and the business can be managed through the dashboard.

To incorporate as a new company via the platform, currently, the case study supports official incorporations in two zones: the Zanzibar Autonomous Zone and Prospera. For users, the process begins with jurisdiction selection. The platform offers an AI copilot to guide users in choosing the most suitable zone for their new company. The ai assistant is trained on detailed information about each available jurisdiction, including legal framework, business restrictions, tax regime, fees, and practical considerations. Hence, a user can input their business objectives, ownership structure, the nationalities or residencies of founders, industry, and certain preferences. Then the AI recommends the jurisdiction that suits the entrepreneur or team the most. For instance, it may suggest a zone with zero corporate tax if this is something relevant to them, or it can choose to align with the user's nationality requirements or desired speed of setup. This interactive AI guidance helps users make an informed choice aligned with their needs.

Figure 2

Platform image of the incorporation process options.



Author: From *DAZ Beta - Platform incorporation process options* [screenshot], by Tools for the Commons, n.d. (https://www.toolsforthecommons.com/dazbeta#Demo). Copyright © n.d. by Tools for the Commons.

After the jurisdiction is selected, the platform presents the user with that zone's profile and requirements. This includes a summary of incorporation, any specific documentation needed, and highlights of the regulatory environment. The user then fills out a digital incorporation form and the list of initial shareholders and directors. Once the form is submitted, the platform again enforces the shareholder verification step: all individuals involved must be KYC-

verified on DAZ. The pending company is visible on the dashboard with a status "awaiting verification" until all parties complete KYC.

3.3. Automated Registration with Zone Authorities

The crucial step in new company formation is official registration with the chosen jurisdiction's authorities. When the user initiates the company activation on DAZ, the platform's backend handles the formal incorporation process via direct zone integration workflows. In the case of Zanzibar, TftC secured a governance service provider arrangement with the zone's authorities, granting API access to the government's company registry. Upon activation, DAZ automatically sends the required data (founder details, tax information, ownership structure, etc.) to Zanzibar's system through secure API calls. The information covers everything needed for the government to create a new company record. If all data is in order, Zanzibar's registry returns a confirmation, and the company's status on DAZ is updated from "pending" to "active". The company and e-residents now legally exist in ZAZ. In the Zanzibar pilot described by the team, API-mediated submission is designed to reduce turnaround time relative to manual processing, subject to validation checks and administrative approval by the competent authority.

However**,** not all jurisdictions have exposed their full registration processes to external APIs. Prospera's government system currently requires some manual interaction. In these cases, DAZ employs a hybrid approach. The platform still collects all necessary information through its digital form, but instead of an entirely automated handoff, the data is relayed to TftC's operations team who completes the incorporation through the official channels. This might involve manually inputting data into Prospera's government portal and coordinating with Prospera's administrators to finalize the company registration. While this approach is less instantaneous than Zanzibar's, it allows the platform to support multiple jurisdictions even before a given zone fully modernizes their IT systems for end-to-end automation. It provides a comfortable user experience.

3.4. Post Incorporation Services & AI Assistance

After a company becomes active on DAZ, the platform provides tools to handle immediate post-incorporation needs and ongoing compliance queries. The platform can automatically generate key corporate documents for the user, such as digital certificates of incorporation issued by the jurisdiction. This document serves as official proof of the company's legal existence. DAZ can also produce standardized templates for governance documents such as the company charter, articles of association, shareholder agreements, or bylaws.

In addition, the same AI assistant that guides the user through choosing a jurisdiction remains available to answer questions after the company is formed. It acts as a smart helpdesk or digital consultant for corporate administration. Users can ask AI a range of questions, from immediate procedural matters to broader regulatory obligations, such as "*What annual filings do I need to submit for my Zanzibar company?"* or "*How is corporate tax handled in this zone?"* The AI, drawing on a knowledge base of each zone's laws and common practices, then responds with tailored information (e.g. deadlines for renewal fees, whether audited financial statements are required, local director requirements, tax information, etc.). By having an AI

that is versed in the legal and procedural frameworks of each partner jurisdiction, the platform helps bridge knowledge gaps for the user, without enlisting external local expertise.

3.5. Digital Wallets & Financial Transactions

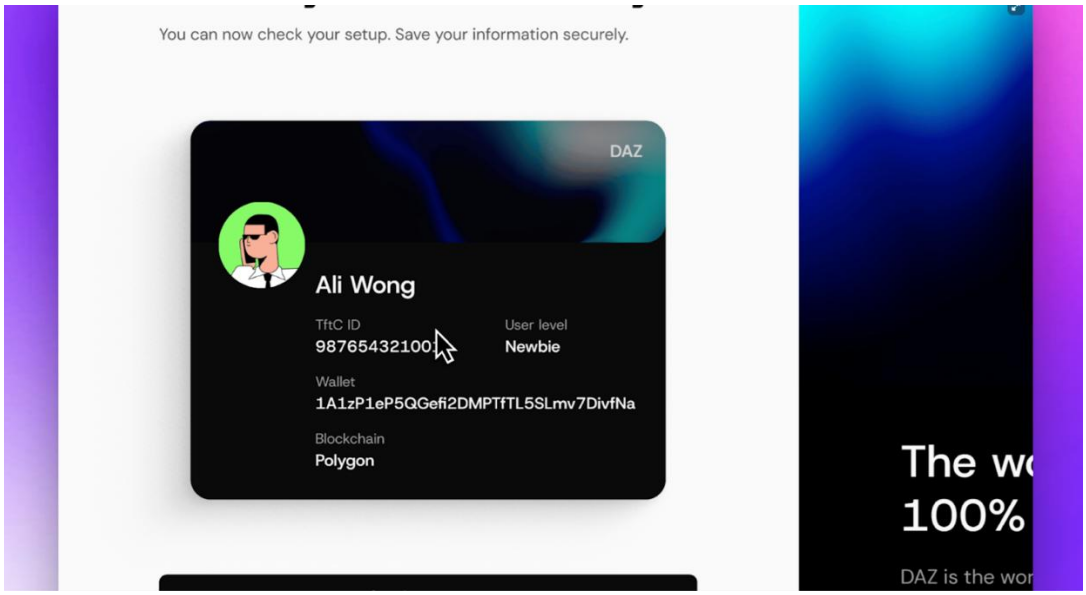
As stated above, upon user onboarding, a personal crypto wallet is created for the individual's profile, as shown in the figure below. For each company that the user activates on the platform, a separate corporate wallet is generated and linked to that company's profile. The strict separation of personal and business wallets is intentionally designed for financial clarity and governance, preventing co-mingling of personal and company funds making it easier to track transactions for accounting or auditing purposes. Many jurisdictions consider commingling as a serious legal violation (See: Nevada Corporate Headquarters, 2025).

All wallets on DAZ are crypto-native. The platform does not hold or manage fiat currency balances for users. Instead, value is stored and transferred in the form of digital assets (cryptocurrencies and stablecoins). To minimize volatility and facilitate everyday business transactions, the platform emphasizes the use of stablecoins cryptocurrencies pegged to stable fiat values, such as USD Coin (USDC) or Tether (USDT) for US dollars. These stablecoins allow users to transact in a currency equivalent on-chain, without needing a bank to intermediate each payment. Recognizing that not all clients or counterparties of the businesses on DAZ will transact in cryptocurrency, the platform offers conversion between fiat money and crypto where needed. For example, if a DAZ-registered company issues an invoice in USD to a customer, that customer can pay using a credit card or bank transfer in dollars. Through a payment partner service, those dollars are automatically converted to USDC (at the prevailing rate) and deposited into the company's digital wallet on the platform. The customer experiences a normal online payment process without needing any crypto knowledge or holdings.

Conversely, a separate off-ramp is needed when a company wants to convert crypto assets into fiat to pay someone who prefers bank payment. At present, DAZ does not directly deliver fiat outflows to third parties (since the platform is not a licensed bank or money service business). The interim solution is that companies (or their payees) use external services to handle this conversion. If a company owes a contractor $500, it can send the equivalent USDC to the contractor's wallet; the contractor would then use an exchange or a payment partner integrated with their own account to convert that USDC into $500 in their bank. The platform's team is actively exploring partnerships with financial institutions and fintech services to streamline off-ramps. The goal is to enable a scenario where a DAZ user could initiate a fiat payout through the platform and have the funds delivered to a recipient's bank account, abstracting away the crypto step for the recipient entirely if desired.

Figure 3

Crypto wallet created when platform users pass KYC.



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3.6. On-Chain Governance & Security Mechanism

In the DAZ platform, each company wallet on the platform is implemented as a smart contract rather than a simple private key account. Smart contracts are a set of self-verifying and self-executing programs deployed on a blockchain, designed to automatically enforce and execute predefined rules or agreements in a tamper-resistant manner without the need for intermediaries (Mohanta et al., 2018). This architectural choice enables complex permission logic and multi-user control to be embedded directly into the company wallet. Authorizing a payment or transferring an asset out of the company wallet mirrors the company's governance policy. If a company has three directors and the corporate policy (or legal requirement) is that any disbursement over a certain amount must be approved by at least two directors, the smart contract wallet can be configured to enforce exactly that rule on-chain. For most companies on the platform, especially those with a small number of principals, DAZ uses a multi-signature wallet configuration. A multi-sig wallet requires a predefined threshold of approvals for every transaction (Coinbase, n.d.). If a company has multiple co-founders or shareholders, the platform may enforce governance thresholds, for example, a 2-out-of-3 or 3-out-of-5 approval rule, based on the agreed governance configuration. Under such arrangements, transactions require authorization from a specified number of distinct owners, thereby reducing the risk of unilateral fund misappropriation.

In addition to simple multi-sig, the platform is equipped to support more complex governance through a Decentralized Autonomous Organization (DAO) model for companies that require it. Decisions such as issuing a payment, making an investment, or any other corporate action could be turned into a proposal that shareholders vote on through the platform. The smart contract will execute the action automatically if the proposal gains the necessary level of approval. This setup closely mimics a traditional corporate voting process but in an automated, transparent, and tamper-proof manner on the blockchain. It is particularly useful for companies with many shareholders or a need for decentralized decision-making, where a simple multi-sig might not be practical. In the current implementation of DAZ, the DAO governance mode is optional and likely employed on a case-by-case basis.

4. Public Sector Authorization & Requirements

Now that TftC's technical offerings are established, this section examines the governmental conditions that determine whether a private operator is authorized to deliver official digital services, such as the platform does. Policy, sovereignty, and institutional risk concerns directly shaped TftC's system design and operational model, as the founders shared in three interviews conducted. Before a host government approves a public–private arrangement to process resident data and administer services, it conducts intensive due diligence focused on security, legality, and control (European Data Protection Supervisor, 2013). Governments look at several things, such as the private provider's capacity and way of handing: (1) oversight and auditability, (2) financial-crime controls, (3) revenue protection, (4) data sovereignty and privacy, and (5) operational resilience and security. This means that third-party digital operators must meet or exceed the integrity, accountability, and enforceability of traditional public administration before a PPP or SLA can be seriously considered. Below is an analysis on interviews held with the team behind TftC's regarding on-going PPP negotiations in Zanzibar, Brazil, Kazakhstan, and the design choices they made to satisfy government requirements.

4.1. Oversight & Auditability

When delegating official digital services to private operators, host governments typically require strong guarantees of accountability and control. Governance and information security frameworks emphasize transparent data handling, documented audit trails, and continuous oversight (ISO/IEC, 2018; ISACA, 2019). In parallel, recent technical research highlights the role of tamper-resistant transaction logs and enhanced traceability as core mechanisms to support independent audits and sustained supervision in high-risk digital governance environments (Marian et al., 2025).

To meet these demands, TftC built a secure government oversight console delivering a real-time dashboard with role-based access for authorized officials. Through this console, regulators in each partner jurisdiction can monitor all user registrations, permit applications, approvals, and other transactions as they occur. In Zanzibar's Autonomous Zone, for instance, officials at the Zanzibar Investment Promotion Authority (ZIPA) have accounts on the console

allowing them to see timestamps, application details, and the digital credentials of every action performed on the platform.

Through the use of blockchain-based recordkeeping, key user data submissions on the TftC platform are logged to a distributed ledger, supporting auditability and reducing the risk of undetected record alteration. Through blockchain implementation, all user data submissions in the TftC platform are recorded to an immutable ledger, providing a tamper-proof audit trail. In technical terms, key events (submissions, approvals, edits) are timestamped and cryptographically hashed on a permissioned blockchain ledger pinned to the zone's record-keeping. This ensures that once a transaction is recorded, it cannot be altered without detection.

In Kazakhstan's Astra pilot, this approach is being taken a step further: the government is expected to run its own node on the network, enabling cross-agency auditability where regulators can independently verify each record on the distributed ledger. Instead of relying on occasional inspections, authorities can export comprehensive log files on demand or receive continuous audit analytics, obtaining cryptographic proof that no records have been tampered with or deleted (Moondance, 2025). The team expressed that TftC pitches to governments that through their blockchain enabled system, all resident administrative data can be monitored and trusted like any critical institutional grade administrative system.

4.2. Financial Crime Controls

The next security priority governments tend to request from their digital operators, and one of the main concerns for digital applications, is that anti-money laundering detection measures maintain on par with those of mainstream financial institutions. A top concern is that a fast-track company registration platform could be misused to create shell companies, launder illicit funds, or evade sanctions (Organization for Economic Co-operation and Development [OECD], 2018, *as cited in* CRDF Global, n.d.) .

TftC anticipated these concerns by embedding strict financial crime controls into the platform's core workflows. At the infrastructure level, every user who interacts with the zone, whereas their intent is to start a company, open an e-wallet, or apply for a permit, must undergo a rigorous KYC process as part of onboarding, as stated above. In Zanzibar, for example, the zone is relatively small, but TftC liaises with Tanzania's Financial Intelligence Unit to ensure all zone registrants are screened under the same criteria applied nationwide. If a newly registered company on Zanzibar's platform suddenly receives an unusually large capital infusion from a high-risk jurisdiction, or if multiple businesses share common addresses and owners in a way that suggests a front company network, the system will automatically flag these situations for review.

The team reports that the platform is designed to support financial-crime compliance by combining identity verification (KYC/KYB), sanctions/PEP screening, and rule-based anomaly detection (e.g., unusual transaction patterns or shared ownership/address signals). Where legally required and authorized, the system can compile relevant contextual information to support escalation through host-country reporting pathways. Final determinations, such as whether to file a suspicious-activity report and which entity is legally

responsible for filing, remain jurisdiction-specific and rest with the legally accountable party under local law.

4.3. Revenue Protection

Tax authorities may express reluctance to partner, citing fears that a digital zone could erode tax compliance and cause revenue leakage. In traditional Special Economic Zones, a common fear is that businesses might use third party access to exploit tax loopholes within a zone (Chaisse, 2020). A core feature of TftC's Digital Access Zone is automatic routing of new tax registrations to the tax authority. When an entrepreneur incorporates a new company in ZAZ, the DAZ system simultaneously registers that entity with the Zanzibar's tax authorities and issues a tax identification number (TIN) as part of the onboarding.

In collaboration with the host administration, TftC requires tax obligations to be cleared as prerequisites for other actions. The system might block a company from renewing its business license or obtaining new permits if it has not submitted its annual tax filings or if it has outstanding obligations.

The platform can also generate an auditable record of a company's administrative lifecycle, including incorporation, tax identification, periodic filings, and recorded payments. Where authorized, government authorities may access consolidated company records through the system, potentially reducing the time and effort required to assemble equivalent documentation from fragmented legacy infrastructures. By embedding tax compliance within portal-based workflows, the platform aims to facilitate closer integration of zone-based companies into national tax administration processes, relative to more informal or weakly coordinated arrangements. The platform can also produce an auditable trail of a company's lifecycle: from incorporation to issuance of tax IDs, to periodic tax filings and payments made. If the government wishes to audit a specific company, TftC's system can provide a complete dossier in minutes, a feat presumably harder to assemble in fragmented legacy systems. By integrating tax compliance within portal operations, TFTC effectively helps make mainstream the zone's companies into the national tax system rather than letting them exist in an opaque legal grey area.

4.4. Data Sovereignty & Privacy

Prospective governments consistently voice the need for strong data privacy protections assurance. This often means the private service provider must align their systems data security protocol with international gold standard compliance frameworks like the EU's General Data Protection Regulation (GDPR) (Wolford, n.d.). Many governments insist on local data hosting as a non-negotiable condition, both for security (to guard against foreign surveillance or subpoenas) and symbolic sovereignty (Wu, 2021). Regulators expect platforms such as the one in this case study to implement privacy-by-design principles, collecting only the data that is necessary, securing it via encryption, and allowing users control over their own information. Essentially, they wish platforms not to unregulated data environments. New projects such as the DAZ or TftC, then, find themselves in a position where they must uphold or exceed the country's standard practices for data protection and localization.

To address this, in each deployment, TftC has prioritized an in-country or on-premises infrastructure strategy to satisfy sovereignty concerns. In the Zanzibar Autonomous Zone, government servers are physically located on the island in government data centers or trusted local cloud facilities (Freedman, 2022) . Ensuring that all primary data storage remains within Tanzanian territory. This means that the blockchain on-chain component that is distributed across nodes worldwide will not contain personal identifiable information. It may record hashes or transaction proofs, but the actual user data linked to those hashes resides and will reside in a private off-chain sovereign database within the country.

On the privacy front, TftC intentionally aligns its platform design on GDPR standards. It implemented features such as user consent dialogues, clear data usage policies, and the ability for users to access or delete their personal data as permitted by law. Data collected is limited to what is necessary for the service. If the platform doesn't need a piece of information, it doesn't ask for or record it. These practices reflect "privacy by design/default" guidelines as outlined in GDPR Article 25 (GDPR.eu, n.d.).

4.5. Operational Resilience & Security

Unlike traditional bureaucracies with fragmented agency systems, an administrative aggregator platform concentrates access to multiple services, which can increase systemic risk if not properly architected. As a result, uptime, redundancy, and disaster recovery become critical concerns for ministries. These expectations are commonly benchmarked against international standards such as ISO/IEC 27001 for information security management and ISO 22301 for business continuity, as well as against control-based frameworks like the NIST Cybersecurity Framework. In practice, this translates into demands for redundant infrastructure, regular backups, and security controls comparable to those deployed in banking and other high-assurance e-government systems (ISO, 2022; ISO, 2019; Sahnoune, 2025).

TftC engineered the platform's architecture from the ground up for redundancy and fault tolerance. In practice, this means geo-redundant deployment: there are multiple synchronized nodes or servers in different locations that maintain the system's state in real time. If one server or data center fails, another can seamlessly take over without data loss. In Zanzibar, for example, TftC uses a combination of local servers on Unguja Island and cloud backup nodes in a mainland facility where nodes replicate data to each other.

TftC employs continuous network monitoring and intrusion detection systems. Any anomalous activity (like unusual admin logins or spikes in traffic that could indicate, for instance, a DDoS attack[3]. Triggers alerts to the ops team. The security architecture of the platform, as stated, and policies are designed to satisfy ISO/IEC 27001 controls, from asset management and access control to incident response.

Across all five compliance assurance areas, the team behind TftC state the platform has operationalized government priorities into concrete technical and institutional features. From an oversight dashboard that grants real-time supervisory powers, automated tax registration modules, to localized data centers and blockchain-secured audit trails, each design

[3] A DDos attack is an attempt to overwhelm a system, website, or online service by flooding it with massive amounts of internet traffic, so legitimate users can't access it (Cloudflare, n.d.)

choice was guided by the need to meet global standards and host country laws. These intentions demonstrate that a third-party platform can, in partnership with the government, maintain the same rigor and legitimacy as traditional governance, and in some cases improve system management in transparency and efficiency, when it is intended and designed to do so.

5. Imagining Digital Free Zones Leveraging Online Platform Incorporation Marketplaces Advantages

Most SEZs today are only "special" in terms of tax incentives or policy carve-outs. Their legal identity and administrative execution still rely on fragmented paper processes, disconnected agencies, and offline verification. Registering a company in a traditional zone typically involves navigating government websites that don't speak to one another, submitting PDFs via email, or in many cases showing up in person with printed forms. Even when a zone brands itself as "business-friendly," its backend systems often don't match the frontend promise. Without a unified, software-based backend, it becomes significantly more difficult to expose secure APIs, enforce service-level agreements, or verify real-time progress. By contrast, DFZs' digitally native architecture and API integration capabilities make possible the creation of a unified E-governance marketplace.

Once a marketplace operator successfully integrates 5, 10, 20 or more DFZ APIs into its e-governance portal, it can present a truly unified landscape of options. Fee comparisons, processing times, business incentives, and other metrics for each jurisdiction are displayed side by side before a user commits, helping entrepreneurs make better decisions.

What emerges is a fully transparent governance marketplace for digital zones enabling a live system where the entire flow from search to compare to comply to incorporate is executed through coordinated API calls. This creates a truly Governance-as-a-Service model oriented toward usability and administrative standardization that replaces expert-driven, paper-based bureaucracy with seamless, data-driven choice. This answers the question of why a platform such as the one described in this case study matters. The paper concludes by outlining a proposed user flow for an e-governance marketplace in which, for example, users may choose among fifteen distinct digital zones, illustrating how such a system could operate in practice.

On the discovery interface, the platform would display a catalog of partnered jurisdictions (for example, fifteen DFZs at scale) and allow users to apply structured filters reflecting legal and commercial preferences. A hypothetical user based in Bangladesh, seeking to incorporate an AI-focused firm, could filter for jurisdictions with a corporate tax rate below 15 percent, a common-law legal tradition, and sector-specific incentives for AI startups, thereby reducing the option set to a shortlist that satisfies predefined criteria. Each shortlisted jurisdiction would be represented through a standardized profile page presenting comparable variables such as incorporation fees, typical processing timelines, applicable tax regimes, legal system type, market-access attributes (e.g., membership in a customs union or relevant treaty coverage), the availability of specific e-government services, and selected contextual indicators. The user would then initiate filing through a single submission of identity and entity data, accompanied by KYC documentation, after which the platform would populate

jurisdiction-specific forms and transmit filings through the relevant administrative interface (where API access is available). Following submission, the platform would provide near-real-time status tracking across discrete administrative milestones (e.g., name reservation, company number issuance, tax registration), with time-stamped updates and notifications. In this stylized scenario, the combined effect is to convert a multi-step, intermediary-dependent process into a more transparent, auditable, and time-bounded workflow, potentially reducing incorporation timelines from weeks to days while maintaining compliance requirements.

What we want to show here is that by restructuring discovery and registration into a more integrated digital process, procedures that previously required prolonged administrative exchanges may be reduced to substantially shorter timelines and an overall better user experience. Greater ease of comparison across multiple jurisdictions may, in turn, increase the likelihood that entrepreneurs identify arrangements better aligned with their institutional and operational preferences, rather than defaulting to suboptimal options. An e-governance marketplace for digital zones could, indeed, reduce selection bottlenecks caused by jurisdictional fragmentation. By broadening access, choice, and usability, it takes a practical step toward a truly global market for competitive governance.

6. Incentives for Zones to Join

So far, we have discussed the benefits of the case study for users. But it is also important to look at why a Zone would choose to join a marketplace like this. The initial theory leans on an assumption that adoption will occur automatically once infrastructure is deployed; that superior services and broader jurisdictional choice will ignite network effects, leading to global scale. In that idealized scenario, digital free zones and SEZ's would choose to join the e-Gov marketplace app to compete for top global talent, and global talent flock to the app for precise preference-matching and ease of use. But reality is messier. Early momentum hinges upon incentive design that secures anchor tenants. Most importantly, there might be an incentive to join if it attracts forward thinking investors. With that buy-in, network effects compound. Each new zone raises the platform's value to entrepreneurs, and each new user cohort increases the pressure on zones to participate. The challenge of the case study is, therefore, to prime the flywheel by delivering targeted value propositions to early adopters who will validate the model.

Indeed, with two zone partnerships signed and additional negotiations underway, the dilemma for the team is a choice between acquiring users first to de-risk capital or raising capital first to harden the product and thereby attracting users. This is a challenge that many digital products face, and it applies in TftC's case. The company founders state they are advancing both strategic fronts, as the author was told in the interviews conducted for the preparation of this paper (V.Perez, personal communication, August 26, 2025).

Initial investment analysis suggests that TftC may occupy an emerging category of investable infrastructure relevant to alternative asset managers. Conceptually, the platform combines elements of sovereign-backed administrative delegation with a jurisdiction-agnostic aggregation layer, producing an exposure profile that differs from conventional investments in individual special economic zones. If partnerships expand, this structure could resemble a

composite proxy for activity across multiple digital and physical free zones, while retaining software-like scalability in its operating model. Although TftC's primary function remains the provision of e-governance services linking firms to public administrations, its multi-jurisdictional footprint may also offer investors diversified exposure to a network of special jurisdictions rather than to any single zone in isolation.

As TftC expands its multijurisdictional e-governance activities, it introduces a form of diversified exposure derived from multiple layers of value creation across participating zones. In several cases, these zones are anchored by tangible real estate and physical infrastructure, which can provide asset backing that may help preserve value during periods of short-term operational or market volatility. Infrastructure and real assets are commonly associated with greater capital durability and lower volatility relative to purely service-based or digital enterprises (OECD, 2015; World Bank, 2025).

One illustrative example is TftC's partnership with Próspera, a charter city undergoing active development. In such settings, land and infrastructure constitute durable assets whose value is not solely dependent on the performance of early-stage firms operating within the zone. Even where startup activity underperforms, underlying real assets may retain intrinsic value, offering partial downside protection (Gyourko & Saiz, 2006; Buba & Wong, 2017). Expectations of long-term appreciation remain contingent on regulatory stability, demand conditions, and broader macroeconomic factors, but the presence of physical assets distinguishes these zones from purely digital governance platforms.

Beyond real estate, a significant portion of potential revenue is derived from infrastructure-like cash flows associated with zone operations and administrative services. These include recurring fees from office leasing and maintenance, incorporation and licensing charges, e-residency subscriptions, and ongoing compliance or administrative services facilitated through TftC's platform. Such revenues are typically usage-based and recurring, resembling infrastructure service fees rather than speculative returns (Inderst, 2010; OECD, n.d.). As participation expands across multiple jurisdictions, these revenue streams may become geographically and sectorally diversified, reducing reliance on the performance of any single zone. In aggregate, the model combines physical asset backing with recurring administrative revenues, producing a layered exposure profile that may enhance resilience as the network scales.

Fintech integrations could also bring new revenue streams for zones. By design, TftC's e-governance platform can also function as a transactional interface, allowing firms operating within participating zones to manage invoicing, payments, payroll, and treasury-related activities through a unified digital system. In this configuration, the platform occupies an intermediary position between firms and underlying payment networks, enabling the provision of financial services alongside administrative functions. In practical terms, such an arrangement allows the platform to capture usage-based fees associated with facilitated financial services, generating fintech-derived income that scales with economic activity rather than fixed subscription levels. For example, a firm operating within a digitally administered zone could invoice an overseas client through the platform, with currency conversion and settlement handled through integrated digital payment rails, generating transaction-based fees. While speculative so far, this means that zone may choose to join because of the platform's

access to financial services such as invoice financing or escrow mechanisms through the same interface, with fees shared between service providers and the platform.

Within a legally predictable and compliance-oriented framework, such embedded finance tools can support experimentation with mechanisms such as stablecoin-based payroll or programmable escrow for commercial contracts, subject to regulatory approval. From an analytical perspective, this layer of embedded financial services introduces a revenue component that scales with gross transaction value across zones, complementing real-asset backing and recurring administrative fees. As activity increases across multiple jurisdictions, transaction-based revenues may contribute to a more diversified and resilient income profile for the Zone, although realized outcomes remain contingent on adoption rates, regulatory alignment, and payment infrastructure maturity.

With that in mind, user acquisition is another reason why Zones may choose to join the platform. Since incorporation and compliance can be completed from anywhere, outreach can lean less on geographic perks and more on business and regulatory benefits. Lifestyle support may then become a hook for those who want a digital nomad type of work style.

The following outlines targeted strategies for three user segments that could plausibly initiate early network effects in Zanzibar, translating jurisdictional flexibility into credible adoption incentives. First, digitally mobile workers and web2/web3 founders, often concentrated in hubs such as Lisbon, Dubai, or Bali but increasingly constrained by cost and visa restrictions, may respond to a lower-friction alternative emphasizing reliable connectivity, compliant residency pathways, and rapid digital incorporation. Prior research suggests that regulatory clarity and predictable treatment of digital assets are particularly salient for Web3 firms, making defined sandbox regimes and transparent tax guidance potential adoption levers (Arner et al., 2017; Zetzsche et al., 2020). Concentrated outreach through established founder communities and events may further reduce search and switching costs.

Second, entrepreneurs from the African diaspora represent a distinct cohort seeking to operate on the continent while mitigating regulatory fragmentation and foreign-exchange frictions. A digitally administered zone offering globally accessible accounts, streamlined permitting, and clear tax coordination could function as an institutional bridge, lowering barriers to formalization and cross-border transactions (Buba & Wong, 2017; OECD, n.d.). Targeted engagement through diaspora investment networks and structured onboarding may support early uptake.

Third, established startups and global firms seeking pan-African expansion may value a jurisdiction that combines cross-border operational reach with enforceable governance standards. Clear legal protections, interoperable payment systems, and sector-specific regulatory sandboxes can reduce uncertainty and accelerate institutional adoption (WEF, 2021). Across all segments, early traction is likely to depend on minimizing switching costs, accelerating time-to-first-value, and emphasizing compliance and operational reliability, conditions commonly associated with the emergence of platform-based network effects (Evans & Schmalensee, 2016).

And last, there is also the potential for portfolio-style exposure to emerging market growth if next-generation jurisdictions prove economically viable. Rather than concentrating

capital in a single charter city or zone, TftC's structure could allow exposure to multiple jurisdictions at varying stages of development, resembling a venture-style allocation across a sector rather than a bet on a single project. In this respect, returns would be driven by aggregate performance, such that strong outcomes in a limited number of jurisdictions could offset weaker results elsewhere, a dynamic commonly observed in early-stage, innovation-driven asset classes (Mazzucato, 2018; Lerner, 2009). Recent investor interest in individual charter-city initiatives, including Próspera, indicates growing exploratory attention to governance innovation among technology and venture capital investors.

Within a nascent and uncertain sector, this multi-jurisdictional configuration may offer a comparatively lower-volatility entry point for investors seeking exposure to experimental forms of governance. By combining delegated administrative authority, tangible real assets, recurring infrastructure-style revenues, and optionality from fintech-enabled services, the model distributes risk across multiple layers rather than relying on a single source of value creation (Inderst, 2010; OECD, 2018). For asset managers who view special jurisdictions as a long-term structural development but remain cautious about project-specific execution risk, such diversification may provide a more balanced risk–return profile. As the sector matures, this approach could contribute to the emergence of more standardized investment pathways for participation in jurisdictional innovation, subject to regulatory, operational, and market constraints.

7. Conclusion

TftC's pilot deployments suggest that the core idea of a unified e-governance marketplace can work in practice, provided several real-world constraints are addressed. In theory, such a platform should allow users to search, compare, comply, and incorporate across jurisdictions through a single digital flow. In practice, TftC largely achieves this baseline and goes a step further by helping users make better decisions. Its recommendation system translates a founder's goals and constraints into concrete jurisdictional options and compliance paths, replacing static lists with a more responsive guidance tool. As the system incorporates feedback from actual outcomes, its recommendations can improve over time, reducing setup delays, increasing first-pass approvals, and lowering reliance on local intermediaries.

The most significant obstacle to broader adoption is payments. At present, TftC relies on stablecoin-based wallets rather than direct fiat-to-fiat transfers. While this works for smaller or crypto-native teams, it creates friction for larger firms that require regulated, predictable settlement for payroll and suppliers. For these users, the lack of integrated fiat payment rails is a practical dealbreaker. Enabling regulated bank transfers through licensed integrations or partnerships would likely unlock a much wider user base and materially strengthen the platform's investment case.

Scaling globally also raises challenges on the government side. TftC can only be as effective as the administrative systems it connects to. Many jurisdictions, particularly in emerging markets, still rely on fragmented or outdated infrastructure that is not designed for API-based integration. Bringing these systems online often requires significant modernization and careful data governance, especially as the platform expands to manage legal rules and procedures across many jurisdictions.

At the same time, the pilots reveal an unexpected strength: the platform's potential appeal to investors. Instead of tying capital to a single, high-risk jurisdiction, TftC aggregates activity across multiple zones into a shared software layer. This creates diversified exposure to governance services, supported by recurring revenues from incorporations, permits, and compliance. Combined with automation and compliance tooling that is difficult to replicate quickly, the model blends characteristics of infrastructure assets and scalable software, even though its long-term viability depends on successful expansion and regulatory alignment.

From a government perspective, the platform's design directly addresses common concerns about delegation. Transactions are traceable, compliance checks are consistent, and data can remain locally anchored. These features make third-party administration easier to supervise and potentially more trustworthy. Continued engagement with ministries, clear service benchmarks, and alignment with treasury and oversight requirements will be essential as participation grows.

Overall, we conclude that an API-driven governance marketplace is not just a theoretical construct but a workable model at small scale. If the platform overcomes the broader adoption posed by its payment system, the case study we analyzed here could allow TftC to move from a promising pilot to a genuinely general-purpose administrative utility. This is doable, albeit not automatic. Integrating legacy systems, securing regulatory authorization, and attracting both users and investors are nontrivial challenges. How these issues are resolved will determine whether e-governance marketplaces remain niche experiments or become durable elements of the global administrative landscape.

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Incubating New UltraStable Jurisdictions from a Single Host-State Framework Agreement

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Abstract:
Across the world, an increasing number of actors are approaching governance as a startup-like endeavor, first establishing small jurisdictions and, in some cases, attempting to scale them into fully fledged countries. These initiatives frequently emerge, evolve, and disappear, suggesting that institutional fragility remains a central challenge. This paper argues that legal stability at the moment of founding is a critical design variable for such projects. It develops an exploratory framework centered on ultra-stable Legal Systems (USLS), defined as jurisdictions in which core laws become fixed once a permanent population is established. By conceptually contrasting jurisdictions operating under mutable versus ultra-stable legal frameworks, the paper examines how legal immutability may preserve institutional arrangements that would otherwise be altered or reversed through electoral cycles or legislative change. Drawing on an analogy with startup incubators and on evolutionary concepts of replication and selection, the paper introduces a country incubation model as a mechanism for lowering entry barriers in the formation of new jurisdictions. Rather than relying on internal legal amendment, the model enables institutional learning through the parallel creation, comparison, and selection of multiple jurisdictions with fixed legal codes. The paper concludes that, while USLS do not eliminate governance risk, combining legal immutability with jurisdictional replication offers a coherent pathway for expanding governance experimentation while preserving institutional predictability.
Keywords: Governance innovation, Legislative stability, Micronations, Seasteading, Special jurisdictions, Ultra-Stable Legal Systems (USLS)

Resumen:
Una jurisdicción especial es un área o comunidad con cierta autoridad normativa en la que rige y se aplica un conjunto específico de normas distinto del de su jurisdicción de origen. En la actualidad existen muchas jurisdicciones especiales. Las Zonas Económicas Especiales son algunas de ellas. Este artículo aborda la idea de que, en la era westfaliana, casi todas las jurisdicciones especiales son excepciones de autonomía recortadas dentro de los Estados, a diferencia de jurisdicciones soberanas autónomas como Mónaco, Singapur u otros microestados o ciudades-estado. A continuación, explica que la base de esa autonomía puede ser territorial, tal como se establece en los textos fundacionales o leyes de la jurisdicción y que puede encontrarse en el derecho internacional, el derecho nacional o las costumbres, o bien personal o basada en la identidad. El artículo concluye que las jurisdicciones especiales deben entenderse como "lugares intermedios" entre los campos jurídicos clásicos, en la medida en que trascienden en gran parte las distinciones jurídicas habituales entre el derecho nacional y el internacional, y dentro de cada uno de ellos, debido a su fluidez fundacional. Por ello, merecen ser estudiadas como un campo del derecho propio.
Palabras clave: carve-outs, autonomía basada en la identidad, derecho internacional, pluralismo jurídico, derecho nacional, anomalías jurídicas semiautónomas, jurisdicciones especiales, autonomía territorial.

1. Introduction

Many people believe that, as circumstances change, the law must adapt to accommodate changing circumstances. In the case of absolute monarchs, one person, usually either someone who conquered or inherited the throne, decides how the law should change with time, and everyone else has to accept the decision of the reigning monarch. Their only alternative if they do not like the person in power tends to be armed rebellion. In the case of representative governments, the idea is that if people do not like their leaders, they can wait four years on average and vote for someone better.

In practice, however, electoral mechanisms coexist with entrenched bureaucracies, organized interest groups, and structural constraints that can limit the responsiveness of representative systems. Empirical research suggests that economic elites and organized interests exert disproportionate influence over policy outcomes relative to average citizens, even in formally democratic systems (Gilens & Page, 2014). These dynamics complicate the assumption that electoral turnover alone provides effective control over governance outcomes.

Different political systems employ distinct mechanisms for legal change, ranging from centralized authority to representative amendment. Each model presents trade-offs between stability, adaptability, and accountability. The present analysis does not seek to evaluate these systems normatively, but to isolate the institutional consequences of legal mutability versus legal fixation.

The truth is that, despite all this, today most political systems have mechanisms for changing their laws. This is true for absolute monarchies, representative democracies (Anckar, 2002), and even for limited monarchies combined with a democratically elected parliament, where a certain separation of powers between monarch and parliament exist. Yet many people show dissatisfaction with the current political systems at large (Siddarth, Weyl, & Slaughter, 2024).

New jurisdictions are emerging as responses to the perceived inability of legacy state institutions to adapt to economic globalization, digital communities, and transnational forms of social organization. These are often framed as laboratories of governance that enable institutional experimentation and regulatory flexibility without requiring systemic reform at the national level (Bell, 2023; Friedman & Taylor, 2020). Bell (2023), however, emphasizes that this framing raises important ethical and epistemological questions, including concerns about consent, external validity, and the moral limits of governance experimentation. But not everyone agrees with new jurisdictions being a better system than the legacy or dominant one (Bell, 2023). Is there a better system still?

While various legal orders have attempted to entrench constitutional unamendability, no secular political system has succeeded in sustaining a fully fixed and genuinely unamendable legal order over time outside of religious canons (Lin & Chang, 2024) Such a system would have obvious disadvantages: What if there is a clear need to change laws but it is not possible? That could make the entire system and society collapse, leaving a society

governed by such a system incapable of adapting to changing circumstances. This paper is interested in the idea of having what we call here an ultra-stable Legal System ("USLS"). A USLS is defined here as a jurisdiction in which a bounded core of primary law is fixed at the moment of founding and becomes formally unamendable once a permanent population is established. Political institutions retain enforcement and adjudicative authority but lack competence to revise the protected legal core. Legal evolution occurs not through internal amendment, but through jurisdictional exit, comparison, and the founding of new jurisdictions with alternative legal codes.

Why have we opted for such a fixed and counterintuitive model? It seems to be an imperative, given the dynamic nature of human societies, to have the possibility to change a society's laws when we need to. As stated above, that is something that many groups in the Startup Societies space, such as The Seasteading Institute advocate for. Indeed, the Startup Societies movement characterizes by bringing startup company energy into the political landscape, until there is a variet of special jurisdictions, special economic zones, intentional communities, etc. (Startup Societies Foundation, s.f.). Ideally with this comes a well-established governance startup sector and formal processes for forming new jurisdictions, countries and micro-nations (Friedman & Gramlich, 2009). In the Network State space, for example, many desire to create new countries (Srinivasan, 2022), and hope that starting a new nation is as easy as starting a new company or starting a new farm. However, other organizations, namely the Startup *States* Society*,* have as its mission to establish clear, orderly procedures and best practices to facilitate the formation of new countries, specifically. The organization seeks to create not a variety of special jurisdictions but new countries specifically. It wishes to reduce the barriers that aspiring new entrants, who wish to start new countries, face.

What follows narrows the scope of comparison. Rather than examining political systems that evolve through continuous internal amendment, this paper focuses on a thought experiment. What if there existed jurisdictions whose core legal frameworks are fixed at the moment of founding? How would this enable comparisons in order to determine the effects of institutional design? We are aware of the limitations of doing so and how comparisons like this would make more sense in cases where human societies were static, which they aren't. Holding the legal code constant allows jurisdictions to be evaluated as stable units, making differences in outcomes more plausibly attributable to initial legal design rather than to subsequent political intervention, drift, or capture. In systems where laws are routinely revised, it becomes difficult to distinguish the effects of the original institutional framework from those of later amendments. USLS, by contrast, function as bounded experiments: their performance can be observed over time, compared against alternatives, and assessed without the confounding effects of endogenous legal change. Selection operates externally, through exit, migration, or replication, rather than internally through legislative revision.

The relevance of this thought experiment lies not in claims about the ease of founding new polities, but in their potential to generate multiple jurisdictions operating under fixed legal conditions. These mechanisms provide the empirical context in which USLS can be

instantiated and compared, enabling systematic evaluation of institutional designs that would otherwise remain obscured in continuously mutable states.

This approach departs from several strands of thought within the startup societies and seasteading literature, which tend to emphasize fluidity and ease of jurisdictional exit. Within these perspectives, the ideal is often framed as a governance marketplace in which aspiring nation founders can acquire territory with minimal friction or even bypass territorial acquisition altogether. In the seasteading literature, for example, proponents have argued that governance experiments could be conducted aboard floating homes operating in international waters, thereby avoiding many of the constraints associated with land-based sovereignty (Friedman, 2002; Fernández, 2025). Under this view, the global market for territory becomes more fluid, enabling rapid entry, exit, and experimentation.

In its most idealized form, this vision suggests that failed jurisdictions need not impose significant costs, since individuals or groups could simply relocate, establish new entities, or migrate to alternative jurisdictions offering comparable legal arrangements. Governance failure is thus treated as relatively non-catastrophic, mitigated by mobility and choice. While this framing highlights important mechanisms of exit and competition, it risks understating the social, economic, and institutional costs associated with jurisdictional failure, even in contexts where mobility is formally available.

This paper adopts a more cautious position. Even where individuals can relocate or reorganize their legal and economic affairs across borders, the collapse of a functioning jurisdiction remains undesirable. Founders of startup societies and related initiatives typically do not pursue jurisdiction-building with the expectation of failure. On the contrary, they invest significant legal, institutional, and financial effort to ensure durability and continuity. Accordingly, the focus here is not on normalizing jurisdictional collapse as an acceptable outcome, but on designing legal systems whose performance can be evaluated and compared without relying on failure as a routine corrective mechanism

Founders of startup societies typically invest significant legal, institutional, and financial effort to sustain durability and continuity rather than to treat collapse as an acceptable outcome. Nevertheless, there is an unavoidable trade-off between increasing the probability of the society's survival and increasing the probability that the founder's original vision will survive. Mutability, might sometimes make a society better able to adapt to changing circumstances, but this comes with the possibility that society could alter itself to the point where it no longer embodies any of its original founding principles. The analysis therefore asks a narrower question: what is gained, analytically and institutionally, when the core legal code is stabilized early enough to be observed as a coherent design over time? To answer this, the paper develops USLS and a jurisdictional incubation mechanism, using an evolutionary analogy in which selection operates across jurisdictions rather than through continuous internal legal mutation. It is important to highlight that the goal of this analysis is not to advocate for immutable law as a universal model, nor to propose the replacement of existing states. Instead, the paper treats new jurisdictions as analytically useful units for examining how legal stability affects governance performance, predictability, and institutional learning.

The central question is whether such jurisdictions can function coherently within a broader governance ecosystem, or whether extreme legal stability renders them institutionally fragile or analytically uninformative.

This paper is, therefore, a conceptual design and institutional analysis, not an empirical test of existing states nor a normative defense of immutable law as a universal model. It develops a theoretical framework for jurisdictional experimentation, drawing on comparative institutional analysis, evolutionary analogies, and legal design theory. Empirical references serve an illustrative rather than evidentiary function. The paper's central aim is to specify conditions under which USLS can be instantiated, compared, and selected across jurisdictions, and to identify structural risks that limit their applicability.

It is important to note that this analysis does not treat sovereignty as an attribute that can be purchased through land ownership or investment. Under contemporary international law, territorial sovereignty remains vested in recognized states, and private actors cannot acquire it unilaterally. The cases discussed instead concern host-state framework agreements through which a state may, pursuant to its constitutional and statutory powers, delegate defined regulatory and administrative competencies to a bounded jurisdiction operating on privately held land. Such arrangements preserve the continuity of host-state sovereignty while enabling institutional experimentation within a controlled legal envelope

2. Fixed and Changing Legal Regimes

In principle, evaluating the institutional consequences of ultra-stable legal design would benefit from observing a portfolio of comparable jurisdictions operating under fixed legal cores. These jurisdictions need not be fully sovereign to be analytically informative; what matters is that they possess sufficiently credible authority, territorial administration, and legal enforceability to generate stable reliance by residents and firms over time. The goal is not to prove statehood, but to create a setting in which legal systems can be compared as coherent institutional designs rather than as moving targets.

Because the contemporary international order remains structured around sovereign states, the analysis uses statehood as a reference category while remaining attentive to intermediate forms such as associated states, delegated administrations, and special-jurisdiction compacts. Article 1 of the Montevideo Convention is cited here as an analytic shorthand for classic state attributes, permanent population, defined territory, government, and capacity for external relations, rather than as a mechanical test for state creation. In practice, functional autonomy can be achieved through carefully designed non-sovereign arrangements, even where formal sovereignty and recognition remain absent. Sovereign states occupy a high-autonomy position within international law, though significant functional autonomy may also be achieved through carefully structured non-sovereign arrangements. This technically means that for people to have the most options of governance and systems of law possible, the number of the latter must be increased.

Having many of these states or countries where people can choose from means that people who resent a given system of law or a government restriction to the extent they want to move out can find a well-run sovereign state somewhere that does not impose such restrictions. The restrictions can be in any domain relevant for that person. Often people who move elsewhere, people who vote with their feet today do so in the search of a better business climate conducive to prosperity and innovation, safety, researching new medical treatments, better housing, job opportunities, etc. (Somin, 2021). But one can imagine that with a bigger governance and legal system marketplace, people could want to move in the search of more beautiful architecture, new ways to farm, more efficient systems for manufacture that make reuse and recycling easier and less wasteful, or where they can find jobs in areas of research or practice not allowed or advanced enough in most places. These can include nuclear energy research, nuclear-powered rocketships or other areas where currently existing regulation blocks innovation or where bureaucratic overload leads to people spending too much time into compliance instead of business activities.

Several books have been written about how to set up a new country, including Erwin S. Strauss's *How to Start Your Own Country*, a classic survey of micronational projects and strategies for claiming sovereignty, which has become a seminal work on micronationalism. *Seasteading: How Floating Nations Will Restore the Environment, Enrich the Poor, Cure the Sick, and Liberate Humanity from Politicians* by Joe Quirk and Patri Friedman imagines ocean-based societies as experimental new political communities. More recently, *Micronations and the Search for Sovereignty* by Harry Hobbs and George Williams offers a comprehensive academic examination of why people start their own nations and how these self-declared entities relate to international law. Additionally, *How to Rule Your Own Country: The Weird and Wonderful World of Micronations* provides a broader, illustrated overview of numerous micronational endeavors. *The Network State: How To Start A New Country* by Balaji Srinivasan further explores modern models of nation formation rooted in digital community building.

One way to create one of these new countries is to do it following the Network State book suggestion, whereby a highly aligned online community is formed first, develops internal governance, collective identity, and economic coordination in the digital realm, and only later acquires or crowdfunds physical territory while progressively seeking diplomatic recognition from existing states (Srinivasan, 2022). Another pathway involves negotiating a host-state framework agreement that allocates territorial use, delegated authority, and external-relations competencies without presuming full sovereignty transfer. Such agreements may satisfy functional aspects of defined territory and international engagement while remaining compatible with existing international legal constraints.

In the same way as someone looking to start a new restaurant might hire waitresses and cooks with previous experience working in other restaurants, for an organisation seeking to establish a new, functional government to effectively govern a newly acquired sovereign territory would probably be wise to hire individuals or companies with previous experience in governance related issues. This can be in the public sector, or in a relevant private sector.

Lawyers, judges, security personnel, policemen, former employees of food standards authorities as well as other relevant enforcement authorities, diplomats, etc. are examples of qualifications relevant for some of the positions.

Like with startups, the personnel for a minimum viable government should be hired and organised prior to acquiring the territory. The same applies to creating a registry of interested future citizens to ensure that the new government, once established in the new territory, has people to govern. (Bauböck, 2006) While population thresholds vary widely across existing states, even relatively small populations may suffice to establish permanent residency for institutional evaluation, provided that governance capacity and territorial control are credible. If such an endeavor was successful, then a permanent population on the territory, along with the government, could rapidly be established once a treaty was signed. Long term territory leases (say 199 years or even 1999 years), as opposed to the permanent transfer of territory, might be more compatible with existing International Law, although this could hinder the sovereignty claims. With those four pieces in places, a new country is established. We are aware that, unlike building a new house, or a new company, more steps need to be taken to successfully establish a new county. However, with sufficient funds, such steps do not seem beyond the realm of possibility.

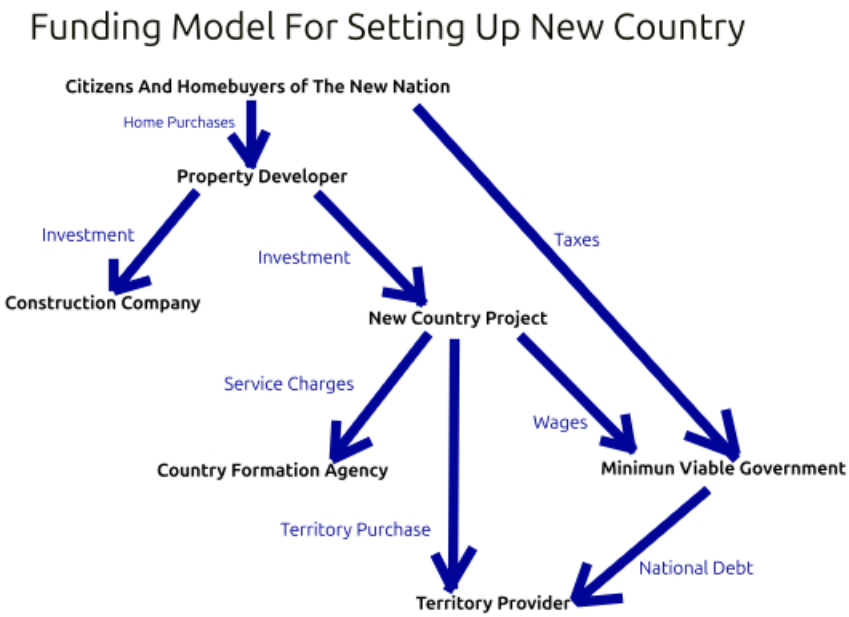
While Article 1 of the Montevideo Convention provides a widely cited description of state attributes, it does not operate as a mechanical test for state creation. In contemporary international practice, statehood and international legal personality are mediated by recognition, treaty relations, constitutional constraints of existing states, and institutional capacity. Accordingly, the model developed here treats the Montevideo criteria as analytical reference points, not as sufficient conditions. The proposed country incubation framework is therefore compatible with a spectrum of jurisdictional statuses, ranging from delegated administration and associated state arrangements to, in some cases, eventual claims to fuller sovereignty.

3. Fundraising for the New Country

Being well funded would significantly help with the endeavor in question. Funds would have to be deployed to compensate the territory provider for parting with a small portion of their territory and to hire the public sector This section discusses what the fund-raising model for amassing sufficient capital could be. We have listed several actors that would be part of the fundraising model. First, there is the territory provider (Non-Profit); the for-profit property developer; for profit construction companies; homebuyers in the new country, the country founding project that is the prospective government of the new country, and a “country formation agency to deal with miscellaneous.

The below diagram shows one way in which money could flow.

Table 1: Funds Flow Model



Source: the author

The original source of money comes from homebuyers who give, previous to moving, funds to the property development. Historical analyses of frontier formation suggest that territorial projects have often been more feasible in sparsely populated or uninhabited areas, where the costs of conflict and boundary contestation are lower (Anderson, 1996). Teams seeking to acquire land and achieve some level of governance capacity by means of treaty-based jurisdictional framework agreements, would likely be satisfied with any place that agrees to do such as business exchange with them, given the current scarcity of willing governments. For example, seasteading initiatives have historically pursued host-government arrangements rather than unilateral independence. French Polynesia's engagement with the Floating Island Project illustrates how alternative governance ventures depend on the willingness and political constraints of host authorities (Mezza-Garcia, 2020). This shows how emerging ventures in alternative governance must adapt to whatever willing host authority they can secure. . Technically it would be better to acquire land in prime urban areas rather than in uninhabited ones, but it is likely that an existing country would not want to sell prime areas of their territory. Instead, we assume that they would likely offer more inconvenient places to build on, such as swamps, sand deserts, ice deserts or even forests perhaps.

One party would provide early funding in exchange for a written commitment that the new jurisdiction will protect private property, keep construction rules minimal, and maintain low property taxes. It would also be agreed that any land transferred from the original territory or state as part of the initial agreement becomes the private property of the funder. The

agreement may allow the original territory to retain ownership of some land, but only if the founder explicitly agrees to this.

Seed funds should be sufficient to cover expenses such as hiring individuals with key skills and experience who would then form the minimum viable government for the Startup Country, shaped as a Country Incubation Agency. They should also cover marketing and promotion to attract future members. Additional funds may be raised through incorporation fees, residency permits, licensing regimes, and, where lawful and politically viable, investment-linked residency programs with transparency and integrity safeguards.

Debt instruments may also be structured to encourage incremental diplomatic engagement, without purporting to purchase recognition—by conditioning certain participation rights on the existence of formal liaison arrangements (for example, reciprocal missions or offices) where politically and legally feasible. Such mechanisms would not constitute recognition as a matter of international law, but they may create modest incentives for relationship-building and repeated interaction.

Once a stable host-state framework agreement establishes durable jurisdictional authority over an uninhabited and undeveloped territory, initial development can proceed through conventional private-sector mechanisms. Infrastructure is constructed, housing units are sold to early residents, and capital invested in development is progressively recovered through real estate sales. Ongoing public revenues, derived from property and related taxes, are then used to service the sovereign debt issued as part of the framework agreement, thereby sustaining the value of the bonds.

4. The Country Incubation Model

The Country Incubation Model (CIM) is a hypotetical framework by means of which a repeatable institutional pipeline would be created. The pipeline would consist of five stages:

(1) a framework agreement with a host sovereign defining territorial access, delegated powers, and replication rights;
(2) the drafting of multiple candidate legal cores ex ante;
(3) a founding phase in which candidate jurisdictions may revise their legal code while uninhabited;
(4) a hardening trigger upon population entry, rendering the core ultra-stable; and
(5) ecosystem-level selection through voluntary entry, exit, and further jurisdictional replication.

The strategy developed here is to use a single successful host-state framework agreement, establishing territorial access and delegated authority, as an incubator for additional jurisdiction-formation projects. The incubator lowers entry barriers by standardizing templates, concentrating expertise, and reusing institutional relationships, enabling new applicants to pursue comparable agreements under clearer procedures and lower coordination costs. This incubator would offer assistance to various new country projects. The applicant

countries would be able to enter into a similar kind of relationship as the new country in question entered into with the established state. This would drastically lower the barriers involved in forming new countries. An effective Country Incubation Agency could incrementally alter the pathways through which new jurisdictions are formed.

New country applicants, as it works best with startup founders, would need to have a clear vision as to what kind of project they wish to form, what kind of businesses they wish to accommodate and how they want that sub-country to work (Bourgon, 2010). Ideally, as with startups, founders should be committed to that one project. To maximize the creation of many new countries branching from the main one, the original new country project that enter into an agreement with the established country should ideally be a politically agnostic vehicle. Its values, however, must rely on maximizing new country formation.

Also, like business startups do, pitching sessions could be organized by the Country Incubation Agency. Pitchers could include property developers who are interested in investing in such projects and new countries themselves. And as incubators do, the Country Incubation Agency could offer pro-bono fund-raising assistance to aspiring country founders with a promising core team and vision. If a given new country project is successful in raising money, the Country Incubation Agency could then charge fees for subsequent services offered.

Some services the Country Incubation Agency could provide include arranging pitches between teams of country founders and property developers, rendezvous with Heads of State and other representative of both, provincial and national governments elsewhere, specially some with available territories with no population in those areas such as Deserts, Forests, Tundra. It could also promote new country projects to people interested in becoming a pioneering citizen of a new country once there has been a new country branched. Legal support is key in new jurisdiction set up. The Agency could help founders draft laws or regulations.

This process can generate informational and relational spillovers. Even when a negotiation does not result in an agreement, the willingness of a territory provider to engage signals that similar arrangements may be feasible under different configurations. Intermediaries involved in multiple negotiations can retain institutional relationships beyond individual projects and accumulate practical knowledge about what skills, institutional arrangements, and working relationships are required for a minimal governing structure. Over time, this reduces coordination costs and improves matching between projects, partners, and personnel.

Debt instruments could, in theory, be structured to encourage incremental diplomatic engagement by conditioning participation on the existence of formal liaison arrangements. Such mechanisms would not constitute legal recognition but may facilitate gradual relationship-building where politically acceptable.

Once governance capacity is achieved, the property developer may then hire a construction company to build the initial infrastructure of the new startup country, sell the houses to home buyers, thereby recouping his investment. Finally, a portion of the taxes which the homebuyers pay fund the national debt of the Startup country, thereby maintaining the

value of the initially issued sovereign bonds that were used to compensate the territory provider for parting with a small portion of their territory. This sounds simple as a proposal, but achieving what we have suggested so far in reality is incredibly challenging.

Proposals to establish new jurisdictions at sea, most prominently advanced by the Seasteading Institute, are often framed as a comparatively low-cost alternative to land-based jurisdiction formation (Friedman & Taylor, 2012; Bell, 2018). At a surface level, these proposals suggest that acquiring a seagoing structure and registering it under an appropriate flag could generate meaningful regulatory autonomy in international waters. Because vessels routinely operate beyond the territorial jurisdiction of coastal states, proponents argue that the legal and financial barriers to founding new governance arrangements may be substantially lower than those associated with acquiring land, negotiating sovereignty transfers, or constructing terrestrial infrastructure. Similar arguments have appeared in the special jurisdictions' literature, which has examined seasteads as extreme cases of jurisdictional experimentation operating at the margins of territorial sovereignty (Schmidke, 2021).

This characterization, however, often overstates the degree of autonomy available in maritime settings once flag-state jurisdiction and international legal obligations are taken seriously. The high seas are not legally ungoverned; they are regulated through a dense framework of international law, most notably the United Nations Convention on the Law of the Sea (UNCLOS), alongside the continuing jurisdiction of flag states (United Nations, 1982; Churchill & Lowe, 1999). As scholars of special jurisdictions have emphasized, seasteads remain legally embedded within existing sovereign orders, as flag states retain authority over labor law, safety standards, environmental regulation, and criminal jurisdiction (Mezza-Garcia, 202019; Lallemant-Moe, 2017Scott & Vella, 2022). Consequently, maritime governance experiments are exposed to political and regulatory shifts within the flagging state, including reclassification or withdrawal of registration, which can sharply curtail autonomy and undermine institutional stability (Schmidke, 2021).

Beyond legal constraints, the practical requirements of sustaining permanent habitation at sea further complicate claims of simplicity or durability. Continuous demands for energy generation, freshwater supply, waste management, medical access, and emergency response impose structural costs that scale poorly relative to land-based special jurisdictions (Buchanan, 2020; World Bank, 2020). These operational pressures tend to push seasteads toward arrangements that resemble sub-national regulatory enclaves rather than autonomous political units (Mezza-Garcia, 2020; Lallemant-Moe, 2017; Scott & Vella, 2022). While seasteading may reduce certain entry barriers compared to territorial sovereignty, it does not eliminate the legal, political, or infrastructural challenges inherent in establishing stable and enduring governance systems.

We include this comparison because it helps clarify where the real challenges of jurisdiction formation lie. By placing land-based incubation alongside seasteading proposals, we show that what often appears simple in theory remains deeply constrained in practice. Seasteading is useful here not as a realistic alternative route to sovereignty, but as a limiting case that reveals how persistent legal authority, political dependence, and operational fragility

remain even in spaces commonly imagined as beyond the reach of states. Even in maritime contexts, autonomy is shaped by flag-state control, international legal obligations, and the high ongoing costs of sustaining basic infrastructure (United Nations, 1982; Churchill & Lowe, 1999; Schmidke, 2021).

From this perspective, we see that jurisdictional durability does not arise from mobility or geographic novelty alone. Instead, it depends on stable legal recognition, predictable authority, and the capacity to sustain everyday governance over time. These conditions are difficult to satisfy at sea, where autonomy remains contingent and reversible, and where governance experiments remain embedded within existing sovereign frameworks (Lallemant-Moe, 2017). Rather than undermining land-based approaches, these constraints reinforce the case for carefully structured country incubation models in which sovereignty transfers, financing arrangements, and legal commitments can be explicitly negotiated and evaluated.

Ultimately, our aim is not to identify the easiest way to found a jurisdiction, but to understand which institutional arrangements are capable of producing stable, comparable, and durable legal systems. Seen in this light, the complexity of land-based incubation is not a weakness of the model, but a reflection of the conditions required for jurisdictions to persist rather than merely to begin.

5. Political Evolution And USLS

At first glance, USLS may appear to inhibit evolutionary processes, since evolution is commonly associated with change. However, biological evolution does not operate through continuous mutation within a single organism, but through the differential survival and reproduction of organisms whose genetic makeup remains sufficiently stable during development (Wilkins, 2001). Natural selection tests phenotypes over the course of an organism's life, while genetic variation is primarily introduced between generations. In biological systems, a fertilized egg begins as a specific genetic configuration that is conserved throughout embryonic development and maturation. For phenotypic traits to be meaningfully expressed and evaluated by environmental pressures, the underlying genotype must remain largely stable during this process. Excessive mutation during development would undermine organismal viability rather than accelerate adaptation. Accordingly, organisms possess robust mechanisms of genetic maintenance, including DNA proofreading and repair pathways, as well as intracellular checkpoints that can trigger apoptosis in response to severe genomic damage in somatic cells.

While sexual reproduction increases genetic diversity at the population level by recombining parental genomes, the internal regulation of genetic stability within individual organisms is highly conservative. Evolutionary change thus depends on the coexistence of two conditions: variation across individuals and stability within them (Wilkins, 2001). This distinction motivates the analogy developed in this paper. USLS do not prevent evolution; rather, they provide the fixed institutional substrate necessary for meaningful selection and

comparison to occur across jurisdictions, rather than through continuous internal mutation within a single system.

In other words, evolution works best when a wide variety of genetically diverse individuals coexist and compete alongside each other in parallel, but where each individual organism is genetically stable. For evolution to work, the core genotype must remain stable for the entire fitness testing process. Analogously, a constitution, and more broadly, a society's core legal framework, can be understood as the institutional equivalent of a genetic code, or genotype. This is because it establishes the foundational rules under which social and economic behavior unfolds. In the early stages of a newly founded jurisdiction, population levels are typically low. Over time, as individuals and firms enter, the population expands, allowing the institutional framework to begin shaping observable social and economic outcomes (Acemoglu, Johnson, & Robinson, 2005). This process is analogous, in a limited and metaphorical sense, to biological development, in which a stable genotype gives rise to increasingly complex phenotypic expression as an organism matures.

Importantly, the effects of a legal system are not instantaneous. New entrants often arrive with norms, expectations, and practices shaped by other institutional environments, creating a period of cultural adaptation during which responses to local incentives evolve gradually. Language coordination, social conventions, and business practices may take time to converge, particularly in jurisdictions formed through migration rather than historical continuity. This similarly applies to capital formation. Investment decisions, firm creation, and infrastructure development respond over time to the incentives and constraints embedded in the legal framework. While laws do not determine economic outcomes directly, they condition the range of viable strategies available to individuals and organizations. As a result, the full effects of a given legal genotype can only be evaluated after sufficient time has elapsed for population composition, cultural practices, and capital structures to adjust. This is why we advocate for core ultra-stable legal systems.

Clearly all this takes time. It takes time to determine whether the final mature society produced by an underlying legal code better suits the needs of its human inhabitants, when compared to other legal codes

Consider an evolutionary analogy at the level of development rather than mutation. In biological systems, successful development depends on the consistent execution of a coherent genetic program over time (Wilkins, 2001). When developmental pathways are repeatedly interrupted or redirected before maturation, organisms fail to reach stable or functional forms. Evolution does not proceed by repeatedly rewriting developmental instructions mid-process, but by allowing organisms to fully develop and then selecting among outcomes across generations (Wilkins, 2001).

An analogous problem arises in political systems characterized by frequent and substantial ideological reversals. When core legal and economic frameworks are repeatedly reoriented, toward incompatible objectives, before prior reforms have had time to mature, institutional development is continually disrupted. Each new governing agenda inherits partially implemented structures shaped by earlier, contradictory priorities, making it difficult

for any system to reach an internally coherent or optimized state. From this perspective, instability in governing frameworks does not merely slow institutional learning; it can actively undermine it. Policies designed to support one set of incentives may be dismantled or repurposed before their long-term effects become observable, confounding evaluation and adjustment. The result is not adaptive evolution, but persistent institutional incompleteness. This dynamic helps explain why USLS emphasize temporal consistency: stability is not opposed to evolution, but a precondition for meaningful institutional development and comparison.

Now consider a stylized society composed of multiple micro-nations whose core legal frameworks are fixed over time, while the creation of new jurisdictions remains open. New nations may be founded with the assistance of the Country Incubation Agency, provided they begin with a population of zero. While uninhabited, founders may revise the legal framework freely; once the first resident enters, however, the legal code becomes fixed for the lifetime of the jurisdiction. Elements of this structure already appear in administrative and charter-based regimes, such as special economic zones, corporate charters, and rulemaking procedures in administrative law, where rules are freely specified prior to adoption but become binding once participation begins. The present model extends this familiar logic from individual regulatory instruments to entire jurisdictions, combining ex ante design freedom with ex post legal stability.

A closely related logic already appears in the administrative procedure framework governing the Catawba Digital Economic Zone. Under the Zone's administrative regulations (Zone Authority, 2022), rules are developed and revised through a formal pre-adoption process, during which proposed provisions may be adjusted through consultation and internal review. Once regulations are adopted and become effective, however, they acquire legal force and generate reliance by regulated users, including firms that incorporate, obtain licenses, or structure investments under the Zone's framework. From that point onward, regulatory change is no longer discretionary: amendments must proceed through defined procedures, are subject to justification requirements, and are constrained by principles of legal certainty and non-retroactivity. In practical terms, the incorporation of users under an operative rule changes the legal character of amendment, shifting the regime from flexible design to constrained modification. While the Catawba framework does not render its rules immutable, it already reflects a clear institutional distinction between a pre-use phase of legal design and a post-use phase in which stability and reliance interests take precedence. The model developed in this paper formalizes and strengthens this familiar administrative logic by tying the hardening of legal rules explicitly to population entry and jurisdictional founding, rather than to individual regulatory instruments.

Under the USLS arrangement, adaptation occurs primarily through exit rather than voice. Because laws cannot be revised once a population is established, residents lack the ability to alter rules through internal political processes. Instead, individuals dissatisfied with a given legal framework must leave and relocate to a jurisdiction whose fixed rules better match their preferences, while founders wishing to experiment with alternative legal

arrangements must do so by creating new jurisdictions rather than modifying existing ones. This structure closely aligns with Hirschman's distinction between exit and voice, reallocating adjustment away from internal contestation and toward jurisdictional choice (Hirschman, 1970).

Population growth, hence, occurs only through voluntary entry. Assuming individuals act in their own interest, they will migrate only after assessing either the legal framework itself or the observable outcomes it produces. Early entrants are likely to be highly attentive to legal design, investing significant effort in evaluating whether the rules provide predictability, security, and protection from arbitrary treatment. Later entrants may rely more heavily on observed experiences, asking whether people similar to themselves appear better off, rather than on detailed legal analysis. This shift from theory-based to outcome-based evaluation does not undermine protection; because the legal code remains fixed, the conditions that generated favorable outcomes for earlier residents continue to apply to later arrivals.

In this sense, USLS substitute jurisdictional competition for political bargaining. The inability to revise laws internally limits opportunities for rent-seeking through voice, while the availability of exit constrains founders' incentives to design exploitative rules. Provided basic enforcement is maintained, such systems are likely to reduce uncertainty about future treatment under the law and to limit systematic disadvantage arising from shifting political majorities. Stability does not guarantee optimality, but it establishes a predictable environment in which individuals can make informed, durable choices about where to live and operate.

Consider, by contrast, a society in which the legal framework remains subject to ongoing amendment. Individuals and firms may initially choose to enter such a jurisdiction because its laws appear predictable and fair (Lindquist & Cross, 2010). Over time, however, successive legislative changes may alter the incentive structure under which those entry decisions were made. Tax burdens may increase, regulatory requirements may expand, and activities that were previously permissible may become contingent on costly licenses or compliance procedures. As new rules accumulate, administrative obligations often multiply, requiring recurring filings, disclosures, and approvals, frequently accompanied by penalties for noncompliance.

While legal change is sometimes necessary, its distributional consequences are rarely neutral. Amendments that benefit concentrated interests can impose diffuse costs on others, particularly when affected individuals lack effective means of resistance (Lindquist & Cross, 2010). In principle, those disadvantaged by new legislation retain the option of exit. In practice, however, relocation across jurisdictions entails significant economic, social, and psychological costs. For the average person, moving typically requires securing new employment, liquidating or transferring assets, adapting to a different regulatory environment, and rebuilding professional and social networks. For households, these costs are compounded by considerations such as schooling, language, spousal coordination, and even the friends network of the youngest members. As a result, many individuals tolerate incremental legal deterioration rather than incur the high fixed costs of exit, even when the long-term trajectory of governance becomes unfavorable (Hirschman, 1970).

This asymmetry helps explain why jurisdictions with mutable legal frameworks can experience gradual institutional drift. Although few people deliberately migrate into poorly governed systems, many remain in jurisdictions that deteriorate over time because the costs of leaving exceed the immediate costs of compliance (Hirschman, 1970). Legal change therefore tends to operate as a one-way ratchet: rules that impose additional burdens are easier to introduce than to reverse, particularly once affected parties have already made location-specific investments.

By contrast, in a system with unchangeable core legislation like the ones proposed by this paper, individuals enter only after assessing either the legal framework itself or the observable outcomes it has produced in time. Because the rules under which they enter cannot later be altered, those individuals are protected from post hoc redistribution through legislative change. Stability does not guarantee optimal governance, nor does it eliminate the possibility of failure arising from poor initial design or inadequate enforcement. However, by enhancing predictability and reliance, it constrains the scope for gradual legal degradation driven by shifting political coalitions and rent-seeking behavior, as argued by Lindquist and Cross (2010).

The quality of the initial legal code is therefore decisive. Some fixed-law jurisdictions will fail, whether due to poor drafting, weak enforcement, or external shocks. Yet an institutional environment in which several jurisdictions with fixed legal codes can be founded, evaluated, and abandoned allows legal systems to evolve at the ecosystem level rather than within individual states. Founders are likely to draw heavily on existing legal frameworks that have demonstrated success, adapting proven institutional arrangements rather than inventing entirely novel ones. Over time, such a system favors the replication of effective legal designs while allowing ineffective ones to disappear, even as the laws within each individual jurisdiction remain fixed.

In this sense, unchangeable legal systems may be comparatively resistant to forms of opportunistic or extractive legislation whose primary effect is to transfer resources toward insiders. While no legal framework can eliminate abuse entirely, the absence of legislative mutability substantially limits the scope for endogenous legal accretion that undermines predictability and erodes the conditions under which voluntary entry originally occurred.

6. Individual Freedom In USLS

A central objection to USLS is that the absence of internal legal change may undermine individual freedom by eliminating political voice. This concern is understandable, as many contemporary accounts of political liberty equate freedom with participation in lawmaking (Urbinati, 2012). However, this interpretation conflates freedom with influence over collective outcomes. USLS replace internal political voice with jurisdictional exit, thereby altering, not eliminating, the mechanisms through which individual autonomy is exercised.

When laws are mutable, political disagreement carries high stakes: changes in opinion can translate directly into changes in legal obligations, redistributive outcomes, or permissible

behavior (Urbinati, 2012). Under such conditions, political contestation becomes zero-sum, and incentives emerge to control speech, suppress dissent, or capture institutions in order to secure favorable legal outcomes. By contrast, when core legal rules are fixed, political disagreement loses its capacity to reshape the legal environment (Lindquist & Cross, 2010). Opinions no longer threaten to impose costs on others through legislative change, and as a result, the incentive to police beliefs or restrict expression is substantially reduced.

In ultra-stable systems, dissatisfaction with the prevailing legal framework is addressed through exit rather than internal contestation. Individuals who find a given legal regime undesirable are free to relocate to jurisdictions whose fixed rules better align with their preferences, while founders seeking alternative arrangements must instantiate new jurisdictions rather than revise existing ones. This decoupling of belief from coercive authority could in principle lower the political stakes of disagreement and shifts competition from persuasion and control to institutional performance and voluntary choice (Hirschman 1970).

From this perspective, legal immutability would not imply political domination or repression. Instead, it would technically and theoretically constrain the scope of political power by preventing majorities or organized interests from using legislative change to impose evolving obligations on unwilling participants. Provided that enforcement institutions are limited to upholding the fixed legal code and maintaining basic order, individuals retain predictable rights and obligations that cannot be altered ex post. Freedom, in this context, is grounded less in the ability to change rules and more in the assurance that the rules governing one's life will not change without consent.

Two objections are central. First, exit is not costless; high mobility costs risk making jurisdictional choice unequal in practice. Second, ultra-stable systems risk entrenching poorly designed or unjust rules. The CIM mitigates these risks at the ecosystem level through: (i) transparency and ex-ante publication of legal cores; (ii) minimum rights floors embedded in framework agreements; (iii) independent adjudication with due process guarantees; (iv) explicit exit and portability provisions; and (v) low barriers to founding improved successor jurisdictions. The model therefore does not deny the risks of lock-in but relocates error correction from coercive internal politics to competitive institutional replication.

7. Coordination and Norm Convergence in USLS

This section explains how ultra-stable legal systems achieve social coordination and shared norms through voluntary sorting and legal stability, rather than through ongoing political contestation or enforced moral consensus. A persistent challenge in political organization is not the absence of desirable values, but the difficulty of coordinating heterogeneous populations around a coherent and stable set of rules. In large, mutable legal systems, competing normative visions are continuously negotiated through political processes, often producing fragmented and unstable outcomes. Frequent legal revision undermines predictability and incentivizes political contestation rather than long-term cooperation (Olsen, 2009).

Ultra-stable legal systems would address this coordination problem through ex ante sorting rather than ex post compromise. Because a jurisdiction's core legal framework is fixed once inhabited, individuals and firms must decide whether to enter based on the rules as they exist, not on the expectation that they can or will later be reshaped to favor them more. This encourages populations with broadly compatible expectations and normative preferences to cluster within the same jurisdiction, while those who find the framework unsuitable seek alternatives elsewhere.

The feasibility of this sorting mechanism depends critically on the availability of alternative jurisdictions. Without a means of founding new legal systems, ultra-stability would merely entrench initial choices and risk locking incompatible populations into a single framework. The country incubation mechanism, therefore, becomes an important mechanism to resolve this by lowering the cost of creating new jurisdictions, allowing multiple ultra-stable legal systems to coexist in parallel. Incubation ensures that disagreement is expressed through jurisdictional differentiation rather than internal conflict.

Within this framework, shared norms would emerge as a consequence of stability and selection rather than moral consensus. Stable legal constraints would, likewise, shape behavior and expectations over time, allowing informal institutions and cooperative equilibria to develop among participants who have voluntarily accepted the same rules. Norm convergence thus reflects sustained participation under known conditions, not ideological uniformity or enforced agreement.

By relocating normative conflict from within jurisdictions to between them, the combined system of ultra-stable law and country incubation transforms coordination into a competitive process. Jurisdictions that generate workable social and economic outcomes attract residents and investment, while those that fail lose participants or are abandoned. In this way, the incubator is not ancillary to norm convergence but essential to it: it provides the institutional infrastructure through which legal stability, voluntary sorting, and social coordination can coexist. It does so by enabling the parallel creation, comparison, and selective abandonment of jurisdictions with fixed legal frameworks, thereby externalizing normative conflict from internal political processes to inter-jurisdictional choice.

8. Conclusion

This paper has argued that governance innovation should not be equated with deregulation per se, but rather with the design of regulatory systems that are proportionate, predictable, and fit for purpose. USLS, combined with a country incubation model, offer a framework in which regulatory experimentation can occur without the instability associated with continual legal revision. By fixing core legal rules at the moment of founding while allowing new jurisdictions to be created in parallel, this approach seeks to preserve beneficial institutional arrangements long enough for their effects to be observed, compared, and evaluated.

The emergence of a limited but plural ecosystem of sovereign micro-jurisdictions could enable more tailored regulatory environments for specific industries, services, and

forms of economic organization. Even if such jurisdictions occupied only a small fraction of global territory, their existence could expand the range of viable governance models and create new opportunities for investment, employment, and institutional learning. Analogous to the role of startups in economic innovation, newly founded jurisdictions are likely to exhibit heightened demand for labor, capital, and expertise during their formative stages, potentially widening access to economic opportunity across borders.

At a systemic level, the development of standardized, peaceful procedures for founding new sovereign entities may also carry implications for political stability. Historically, new states have often emerged through conflict, reflecting the absence of orderly alternatives. By lowering the barriers to lawful and nonviolent jurisdictional formation, a sovereign startup sector could offer an institutional outlet for groups seeking alternative governance arrangements, reducing incentives for violent or extralegal action. While no legal framework can eliminate conflict entirely, ultra-stable systems that explicitly constrain internal legal mutation and commit to peaceful external relations may limit the scope for abrupt shifts toward coercive or expansionist policies.

Taken together, the combination of legal immutability, jurisdictional replication, and voluntary exit suggests a pathway for governance innovation that prioritizes predictability, choice, and peaceful evolution. Rather than aspiring to create permanent or universally optimal states, this framework treats political organization as an ongoing, decentralized process, one in which stability within jurisdictions coexists with adaptation across the entire system.

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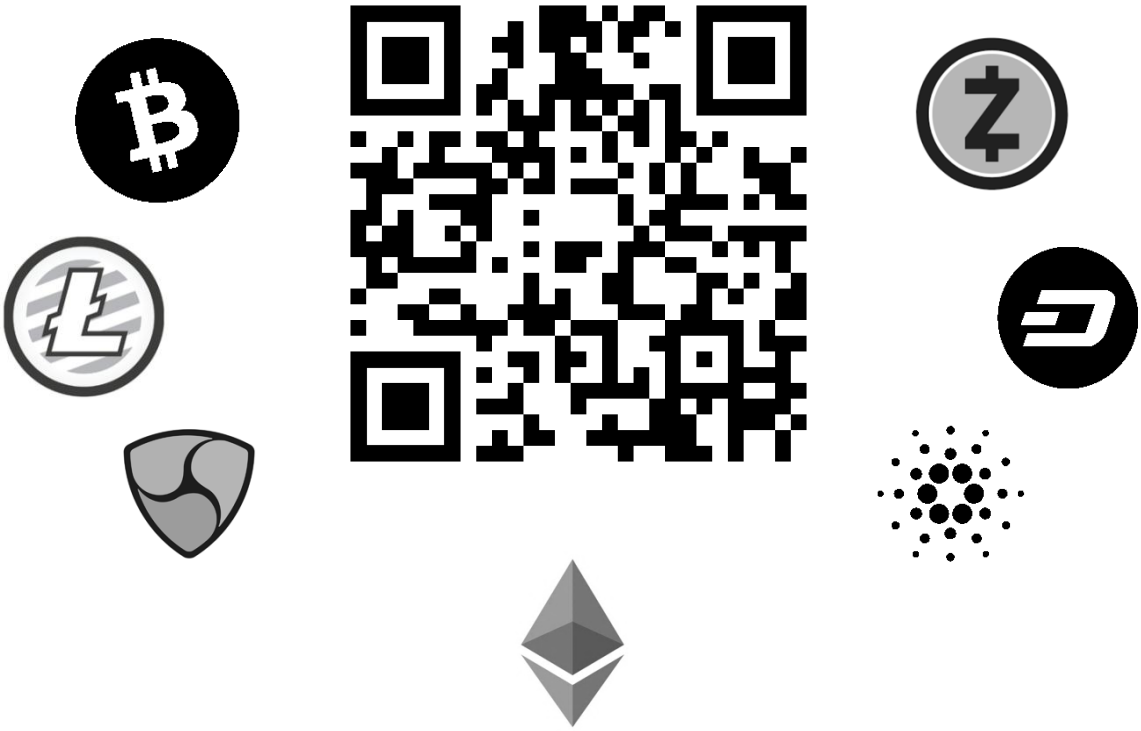

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