



# ANNUAL REPORT 2020



## THEMATIC PAGES

TRANSACTION MONITORING	24
THE FMA'S ROLE IN THE DEFENCE MECHANISM AGAINST MONEY LAUNDERING AND TERRORIST FINANCING	32
ENFORCEMENT OF SUPERVISORY LAW	42
E-SERVICE PORTAL: EFFICIENCY GAINS FOR FMA AND INTERMEDIARIES	74
#FMAINSIGHTS	80
INSIGHTS INTO THE FMA CAREER TRAVEL BLOG	86
"I'M ABLE TO COMBINE THEORY AND PRACTICE IN THE BEST POSSIBLE WAY"	91

4 FOCUS

7 FOREWORD

---

PROGRESS REPORT 2020

10 SUPERVISION AND RESOLUTION

50 REGULATION

60 EXTERNAL RELATIONS

68 ENTERPRISE

82 TEAM

---

ANNUAL REPORT AND FINANCIAL STATEMENT 2020

97 ANNUAL REPORT

98 BALANCE SHEET

99 INCOME STATEMENT

100 NOTES ON THE FINANCIAL STATEMENT

104 ATTESTATION OF THE AUDIT OFFICE

---

## Enhanced supervision

The revised [Trustee Act](#) entered into force on 1 July 2020. New supervisory instruments and additional powers have been transferred to the FMA. Professional obligations enshrined in the law and enhanced supervision are intended to strengthen confidence in the fiduciary sector, prevent abuses, and safeguard reputation. The fiduciary sector plays an important role for the Liechtenstein financial centre in asset preservation and structuring.

## *Fiduciary sector*

---

## Swiss Arbeitgeber Award for the FMA

The FMA has received the [Swiss Arbeitgeber Award \(Swiss Employer Award\) 2020](#). The FMA won second place in the medium-sized company category. The jury: the employees of the FMA. The award is based on an employee survey in which 92% of FMA employees participated. The excellent result is proof that the FMA is valued as an attractive employer.

## *Podium position*

---

## Coronavirus pandemic poses dual challenges for the FMA

Also for the FMA, the year 2020 was shaped by the Covid-19 pandemic. The pandemic posed challenges for the FMA on two levels. First, it was necessary to ensure [business continuity](#) at the financial institutions. The FMA took various measures for this purpose. Second, the FMA was itself impacted [as an enterprise](#). The Covid-19 pandemic put the FMA's digital maturity to the test. Investments made in digitalisation over the past years paid off especially well.

## *Covid-19*

---

## Blockchain and co.

The [Token and TT Service Provider Act \(TVTG\)](#) entered into force on 1 January. The TVTG tasks the FMA with the registration and event-driven (ad hoc) supervision of TT service providers. In 2020, 10 undertakings registered for 24 services under the TVTG. The FMA also processed 134 enquiries from the market regarding new financial technologies. Many of these enquiries concerned blockchains and other highly decentralised technologies.

10

---

## Targeted recruitment of professionals

The FMA uses the [social media platform](#) LinkedIn to position itself in the labour market. In the video series “Three messages – three faces”, employees talk about their everyday work. The 2370 followers ensure broad dissemination of the videos. Alongside LinkedIn, the FMA also uses the social media Twitter, kununu, Instagram, and Xing, providing insights into the multifaceted world of its work.

2370 followers

---

## Hit the ground running with the FMA

The FMA attaches great importance to the [basic and continuing training](#) of its employees. The FMA also offers exciting internships for students and graduates. Alongside her master's programme in Strategic Communication and Management at the University of Zurich, Anina is working as an intern at the FMA and talks about her experiences.

*Wide range of opportunities for students*



The condition of the Liechtenstein financial sector is good and stable. The situation is currently shaped by extraordinary challenges, however. Not only the persistently low interest rate environment, but also the impact of the Covid-19 pandemic poses challenges to institutions and the FMA. As a small and open national economy, Liechtenstein is heavily dependent on international trade and external demand. But thanks to their high solvency and liquidity ratios, Liechtenstein's financial institutions are well prepared to survive the crisis unscathed. Solvent institutions also serve as lenders to the real economy, making an important contribution to overcoming the economic impact of the pandemic.

The Covid-19 pandemic posed challenges to the FMA on several levels. By law, safeguarding financial market stability is enshrined in the FMA's mandate. The FMA accordingly introduced additional reporting obligations to assess the risk situation on an ongoing basis, ensuring that the FMA is able to react quickly and in a targeted manner if negative second-round effects arise. At the same time, however, various facilitations were made in coordination with the European Supervisory Authorities to ease the burden on financial intermediaries, for example with regard to on-site inspections or certain reporting obligations. Finally, the pandemic put the FMA's digital maturity to the test. The FMA's investments in IT infrastructure and digitalisation over the past years paid off. Business continuity was ensured at all times and without restrictions thanks to employees working from home and digitised supervisory and business processes.

The revised Trustee Act grants the FMA new and effective supervisory instruments and powers, creating ongoing supervision of professional trustees and trust companies. The goal of the revision is to ensure quality in the fiduciary sector and to strengthen client protection and confidence in the sector. Abuses can be prevented through statutory professional obligations and ongoing supervision. This is an important step for the reputation and international recognition of the financial centre.

FinTechs are now under event-driven (ad hoc) supervision of the FMA. The Law on Tokens and Trustworthy Technology Service Providers (Token and TT Service Provider Act, TVTG), which entered into force on 1 January, also introduces a registration requirement. The TVTG creates legal certainty for FinTechs and their clients.



Prof. Dr. Roland Mueller  
Chairman of the Board of Directors



Mario Gassner  
Chief Executive Officer



*Erratic gneiss boulder*  
Eschnerberg



PROGRESS  
**REPORT**  
2020

# PROGRESS REPORT 2020

# SUPERVISION

Financial sector stable despite turbulences

Enhanced supervision of fiduciary sector

Entry into force of Token and TT Service Provider Act

Covid-19 pandemic poses challenges to market and FMA

Public information and publication of decrees

---

Supervisory activities:	<i>Macroprudential supervision</i> <i>Licences, approvals, and registrations</i> <i>Ongoing supervision</i>	<i>Due diligence supervision to combat money laundering</i> <i>International administrative assistance</i> <i>Enforcement</i>
-------------------------	---	---

---

# RESOLUTION

Activities of the resolution authority

---

Outlook

Laws supervised and enforced by the FMA

*Starting in the spring, the Covid-19 pandemic posed major challenges for the financial centre. The FMA immediately took measures to ensure business continuity at the financial institutions. The revised Trustee Act entered into force on 1 July. This revision of the law creates ongoing supervision of professional trustees and trust companies. As part of its supervisory audits, the FMA monitors ongoing compliance with licensing conditions, statutory professional obligations, and financial soundness. With entry into force of the Token and TT Service Provider Act on 1 January, a registration requirement and event-driven (ad hoc) supervision for FinTechs were introduced.*

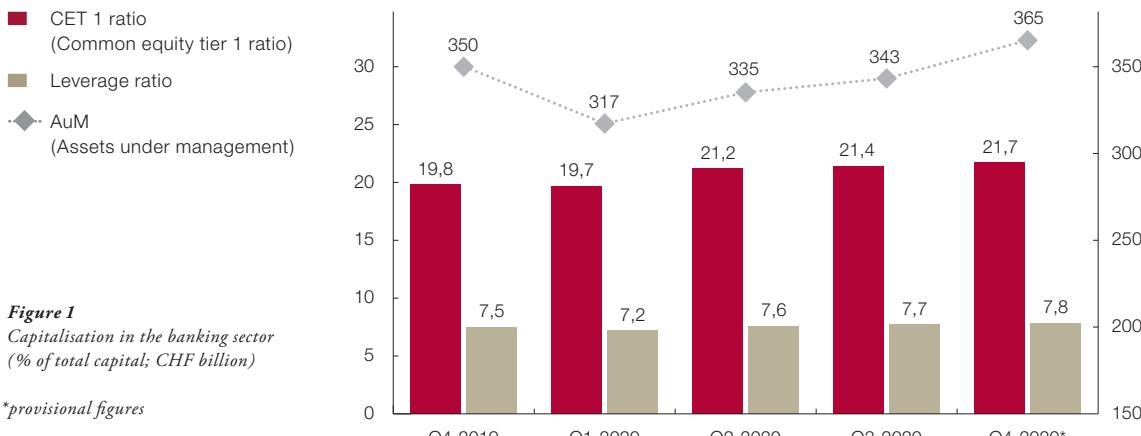
## Financial sector stable despite turbulences

Globally, the year 2020 was marked by the most severe economic collapse of the post-war period. As a consequence of the Covid-19 pandemic and the associated restrictions, the decline in global economic output was significantly greater than during the global financial crisis just over ten years ago, and world trade likewise collapsed. As a small and open national economy, Liechtenstein is strongly impacted by the decline in external demand.

In contrast to the global financial crisis, when Liechtenstein's drop in GDP was significantly more dramatic than that of other (larger) national economies, the decline in economic output in the current recession was comparatively small. The Liechtenstein national economy once again proved to be very resilient, especially in the labour market. Despite the pandemic, the unemployment rate hardly increased over the course of the year and was a low 1.8% in December. This was also helped by the fact that the Government and Parliament launched a comprehen-

sive fiscal package already in March to mitigate the effects of the global recession and protect the labour market during the lockdown.

The condition of the Liechtenstein financial sector continues to be stable, despite the global challenges. The systemic risks are considered to be relatively limited. The Liechtenstein banking sector was even able to increase its profitability in the first half of the year, accompanied by an increase in capitalisation, contrary to the international trend. Moreover, the banking and insurance sectors in Liechtenstein are less affected by the low interest rate environment thanks to their prevailing business models: In the case of banks, the classic lending business and hence the interest margin play a less dominant role, and in the case of insurers, guaranteed products are not common in life insurance, which means that the investment risk lies primarily with the policyholder. In the context of the global financial market environment, it is becoming increasingly difficult for pension schemes to achieve high income or returns, however. Like their counterparts in other countries, Liechtenstein pension schemes are accordingly more affected by the persistently low interest rate environment.



The challenges for financial intermediaries continue to be great in the current financial market environment. Globally, financial markets have increasingly decoupled from real economic developments. Risk premiums on the credit, interbank, and bond markets have fallen back to pre-crisis levels or even lower since the financial market turmoil in March. On the equity markets, records were broken repeatedly towards the end of the year.

These developments are certainly surprising against the backdrop of the deep economic collapse, the expected wave of insolvencies after the fiscal measures expire, and the expected sluggish recovery, and they imply high risks of price corrections. While the Liechtenstein financial centre will be less affected by the negative impact of the pandemic than other financial centres, the FMA is continuously monitoring the relevant indicators in the financial sector in order to identify any second-round effects at an early stage and to respond accordingly where necessary.

## Enhanced supervision of fiduciary sector

The revised Trustee Act (TrHG) entered into force on 1 July 2020. The revision is intended to safeguard quality in the fiduciary sector; strengthen client protection, confidence, and international recognition; and prevent abuses. These goals are to be achieved by enshrining professional obligations in the law and strengthening supervision. The revised TrHG vests new effective supervisory instruments and powers in the FMA and creates ongoing supervision of professional trustees and trust companies.

A key change is the introduction of statutory professional obligations for fiduciaries with respect to governance, internal control, risk management, financial soundness, conflicts of interest, accounting, and reporting. Trust companies and professional trustees also had to appoint external auditors by 1 January 2021, which will prepare an audit report as part of the newly required supervisory audit. An initial supervisory audit will take place in 2022 for the 2021

business year. The new supervisory audit was developed during the reporting year together with representatives of the Liechtenstein Institute of Professional Trustees and Fiduciaries and the Liechtenstein Association of Auditors.

---

#### TAILORED WEALTH SOLUTIONS

*At the end of 2020, 147 professional trustees and 245 trust companies were licensed in Liechtenstein. The Liechtenstein fiduciary sector plays an important role in offering cross-border wealth solutions. Liechtenstein professional trustees assume the role of advisor for their clients in various areas of asset preservation and structuring and also serve as persons of trust.*

---

As part of the new supervisory audit, ongoing compliance with licensing conditions, statutory professional obligations, and financial soundness are monitored. The audit report of the external auditors is analysed by the FMA in order to counter any undesirable developments as early as possible.

The obligation to submit the audited annual financial statement to the FMA, as originally envisaged in the proposal, was not supported by Parliament. The audit report and the assessment of the external auditors will accordingly play an even more important role in the assessment of the assets and liabilities, financial position, and profit and loss of the trust companies and the professional trustees.

To ensure effective supervision, penalty provisions have been expanded. The scope of application of disciplinary law has been extended to include the members of the administration and the general

management of trust companies. Clearer rules on cooperation between the competent authorities have also been created.

---

#### Entry into force of Token and TT Service Provider Act

---

The Token and TT Service Provider Act (TVTG) entered into force on 1 January. The TVTG defines the legal requirements for providing services on TT systems. TT systems are transaction systems based on trustworthy technologies that make a wide range of economic services possible. The best-known examples are blockchains.

The TVTG entrusts the FMA with the registration and event-driven (ad hoc) supervision of ten categories of service providers that provide their services on TT systems. The TVTG also implements the recommendations of the Financial Action Task Force (FATF), which provide for supervision of compliance with due diligence obligations to combat money laundering and terrorist financing for TT services. Registration and event-driven supervision are the responsibility of the Regulatory Laboratory/Financial Innovation Group in the Executive Office.

The TVTG is not part of Liechtenstein financial market law. TT service providers are therefore not classified as financial intermediaries and – with the exception of the due diligence requirements, which also apply to TT service providers subject to due diligence – are not covered by the European rules governing licensing/registration and supervision. In contrast to classical financial intermediaries, TT service providers are not subject to ongoing supervision by the FMA. They are not audited annually

by a mandated auditor or the FMA. The FMA takes action under supervisory law only on the basis of the event-driven (ad hoc) reporting provided for in the TVTG or on the basis of a third-party report. The level of client protection safeguarded by supervision differs accordingly from that applicable to licensed financial intermediaries.

On 1 January, the FMA published application forms and instructions for TT service providers as well as extensive further information on its website. The FMA provides an online form for registration. In accordance with the requirements of the individual special laws, the FMA maintains databases and lists of the domestic financial intermediaries and those operating from abroad in Liechtenstein that fall within its scope of activities. Service providers registered under the TVTG are listed in a separate register on the FMA's website. For service providers already active, the TVTG provides for a transitional period for registration until the end of 2020. By that date, 10 service providers had registered with the FMA. All undertakings are listed in the FMA register of TT service providers at [fmaregister.fma-li.li](http://fmaregister.fma-li.li).

The TVTG creates legal certainty for providers and clients. The TVTG also improves client protection and clarifies open questions relating to the application of the laws in force – especially in due diligence – to ensure compliance with international standards and comprehensive and effective measures against money laundering. An amendment to the TVTG is expected to enter into force in the second quarter of 2021, creating the role of a TT agent subject to registration. TT agents distribute TT services of foreign undertakings in Liechtenstein. TT agents will be subject to substantially reduced registration requirements.

---

## TT SERVICE PROVIDERS

*TT service providers under the TVTG include, for example, token issuers, token generators, physical validators, and TT exchange service providers.*

- Token issuers: persons who publicly offer tokens in their own name or in the name of third parties. This includes trading venues that perform ICOs for their clients.*
  - Token generators: persons who originally generate tokens on behalf of third parties.*
  - Physical validators: persons who ensure the enforcement of rights in accordance with the agreement, in terms of property law, represented in tokens on TT systems.*
  - TT exchange service providers: persons who exchange legal tender against tokens and vice versa and tokens for tokens. This typically includes ATMs where cryptocurrencies can be exchanged.*
-

## Covid-19 pandemic poses challenges to market and FMA

Starting in the spring, the Covid-19 pandemic posed major difficulties for the financial centre and the FMA. On the one hand, business continuity of the financial institutions had to be ensured in this difficult situation. On the other hand, the financial market was also affected by strong economic turbulence.

European regulators responded immediately, issuing recommendations and measures to support business continuity of the institutions. The FMA endorsed the recommendations and measures of the European Supervisory Authorities and called upon the intermediaries to continue business operations in line with the regulatory requirements and the requirements of the health authorities. On its website, the FMA provided ongoing information to intermediaries about new developments and requirements. Measures taken included, for example, an extension of deadlines for reporting, a recommendation regarding the dividend and remuneration policy, and a reduction of the reporting threshold for net short positions.

The FMA also took measures to ease the burden on financial market participants, including the postponement of non-urgent on-site inspections, management meetings, and general consultations and surveys unless they directly served to protect market integrity or the stability of the financial centre. Working groups and project groups consisting of

representatives of the FMA and the market with non-urgent mandates were suspended in order to conserve the resources of the financial intermediaries.

In return, the FMA also introduced additional reporting requirements to ensure effective supervision at all times. For instance, the reporting threshold for net short positions in all shares admitted to a regulated market was temporarily lowered to 0.1% of the issued share capital. In this way, the FMA ensured that it could respond quickly and in a targeted manner to any negative second-round effects and fulfil its legal mandate to safeguard financial market stability.

In addition to business continuity, the economic situation likewise posed a challenge to the financial centre. The Liechtenstein financial sector proved to be very stable overall. Also thanks to the rules and regulations introduced in the wake of the financial crisis, Liechtenstein financial intermediaries are well prepared for crises. European regulators have also urged financial institutions to make use of their regulatory leeway and to provide the real economy with lending in order to prevent a credit crunch. The current situation presents the FMA with the challenge of performing its statutory mandate flexibly within the framework of the regulatory requirements and for the benefit of the overall economy.

## Public information and publication of decrees

On 1 January, a provision on public information entered into force in the Financial Market Authority Act (FMAG). The new provision aims to give the FMA the possibility, where a special need exists under supervisory law, to inform the public appropriately about supervisory procedures. The basic principle applies, however, that the FMA does not provide information on individual procedures. Public information may be necessary to protect clients or supervised persons, to correct false or misleading information, or to safeguard the reputation of the financial centre. This provision also serves legal certainty and the goals of financial market supervision, in particular the protection of clients and the prevention of abuse. In all its information activities, the FMA takes account of the privacy and personality rights of the persons concerned. The public information provision in the FMAG is subject to special public information provisions in special legislation.

Also on 1 January, a new provision of the FMAG on the publication of decrees entered into force. In the event of a serious violation of provisions of supervisory law, the FMA may publish decrees in a suitable form, including personal data, once the decrees have become final. The provision is intended to create a minimum basis for the publication of penalties in all cases of application without affecting existing provisions under special legislation. Although individual special laws pursuant to Article 5 FMAG already contain similar provisions in some cases, these provisions are not included in all laws and are in some cases designed differently. Publication of

penalties is a supervisory instrument and itself has the character of a penalty. Publication must be ordered in the decree itself.

### PUBLIC INFORMATION

*Examples of a need under supervisory law to inform the public: Unfair conduct by a financial intermediary or activity without the required licence (publication of a warning to protect clients); correction of false or misleading information on ongoing proceedings or investigations; publication of information on anti-money laundering proceedings in order to maintain international confidence in functioning regulation and supervision and in order to safeguard the reputation of the Liechtenstein financial centre.*

Relevant penalties, once they become final, are published on the [FMA website](#), either in anonymised form or including names. Penalties imposed by the FMA are published promptly after they become final. The fines levied by the FMA are paid into the national treasury.

At least once a year, the FMA must also inform the public of its supervisory activities and practice. It does so in the [FMA Practice](#) publication. This publication provides information in anonymised form on the FMA's decisions and decrees, the decisions of the FMA Complaints Commission (FMA CC), and the judgments of the Administrative Court (VGH) and the Constitutional Court (StGH) in connection with financial market supervision.

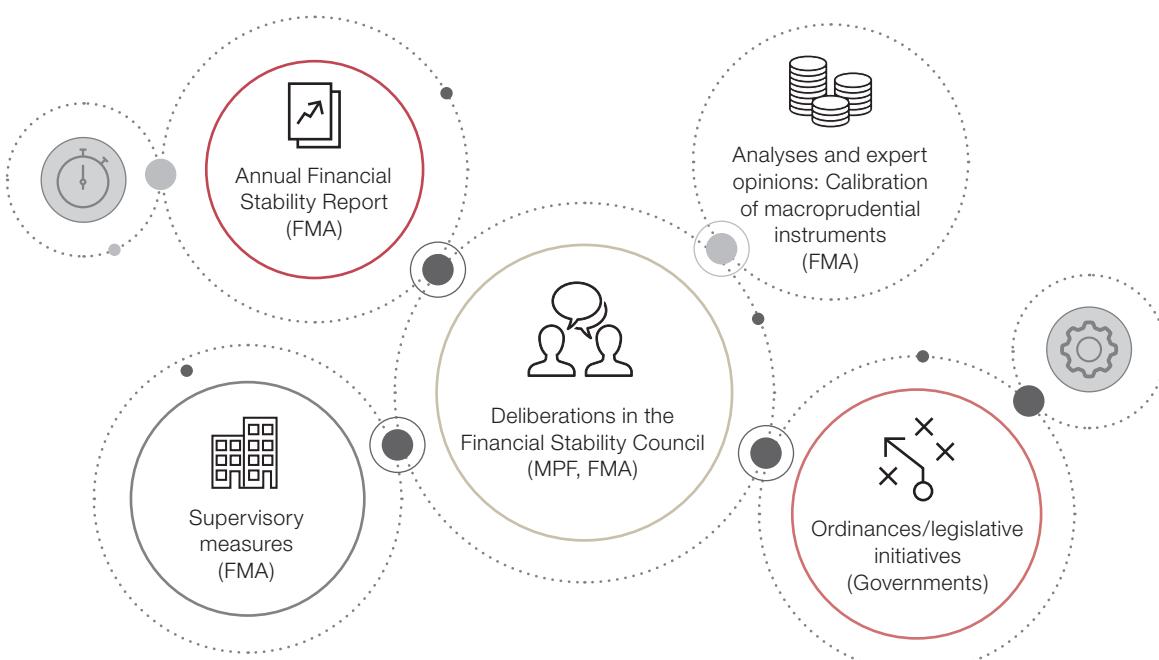
## Macroprudential supervision

To safeguard financial stability for the long term, it is absolutely essential to complement microprudential supervision with a macroprudential perspective. Macroprudential supervision aims to counter the accumulation of systemic risks and strengthen the resilience of the financial system. Given that fiscal policy in Liechtenstein hardly has any countercyclical effect due to the small multiplier, and given that monetary policy is not controlled autonomously, macroprudential policy in Liechtenstein plays a particularly important role.

The Financial Stability Council (FSC) is composed of representatives of the FMA and the Ministry of General Government Affairs and Finance (MPF)

and serves as the central body for macroprudential supervision and policy in Liechtenstein. Deliberations in the FSC, which take place at least four times a year, are based on the financial stability analyses and expert opinions of the FMA. On the basis of these analyses and the discussions in the FSC, the FSC is able to propose and publish appropriate macroprudential measures, recommendations, and warnings in order to initiate supervisory measures by the FMA or amendments to ordinances or laws by the Government.

The FSC's focus included structural and cyclical systemic risks in the Liechtenstein financial sector, an in-depth analysis of the systemic risks associated with the high level of private household debt, and implementation of several recommendations of the European Systemic Risk Board (ESRB). The FSC



**Figure 2**  
System for safeguarding financial market stability

published four recommendations in 2020. In addition to regular calibration of the various macroprudential instruments, implementation of the European recommendations in the context of the Covid-19 pandemic played an especially important role during the reporting year. As intended, the creation of the FSC has further strengthened cooperation between the FMA and the Government on financial stability issues and contributed to the increasing focus on identifying and mitigating systemic risks.

In November, the third Financial Stability Report was published, creating the basis for risk identification in macroprudential supervision. This comprehensive report not only helps to strengthen understanding of the financial centre, but also emphasises the stability of the financial sector in Liechtenstein on the basis of various data, statistics, and analyses. In addition, quarterly reports on international economic and financial market developments were published. Attention was drawn to various systemic risks such as the impact of the global pandemic and the associated financial market turbulence on financial intermediaries in Liechtenstein. Macroprudential supervision was also incorporated into the management meetings with the systemically important banks.

---

*Third Financial  
Stability Report.*

---

## Licences, approvals, and registrations

---

The provision of financial services requires a licence from the FMA. The licensing requirement creates barriers to entering the market. These barriers serve to ensure the high quality of market participants and the legitimacy of the business in the interests of client protection. The licence is therefore a mark of quality and a preventive control instrument of financial market supervision. The FMA issues licences, reviews and approves changes, monitors ongoing compliance with the licensing conditions and, if necessary, withdraws licences.

A consequence of the digital transformation of the financial sector is that the FMA's licensing activity is increasingly focused on business models based on new financial technologies. The challenge for the FMA is to understand these often complex, very technology-heavy business models and to identify risks. There was special interest in licences as electronic money institutions, investment firms, payment institutions, multilateral trading facilities (MTFs), and organised trading facilities (OTFs). At the end of 2020, several preliminary applications and licence applications were being evaluated.

The Regulatory Laboratory of the FMA is the contact point for new financial technologies. It recorded a total of 134 enquiries from the market during the reporting year (previous year: 181). Part of the review concerns whether the intended activity or business model requires a licence from the FMA. Numerous enquiries concerned blockchain projects in the field of sustainability, such as the tokenisation of



certificates for electricity production from sustainable sources. Other enquiries concerned projects that are almost entirely decentralised and make an assessment under supervisory law correspondingly difficult – especially given that there is no case law so far on how to deal with such business models, which means that fundamental decisions have to be made. In order to prevent forum shopping – i.e. the exploitation of pluralistically structured regulatory areas – the practice of other supervisory authorities within Europe must also be taken into account.

Numerous new funds were established in the fund sector. The demand for alternative investment funds (AIFs) was greater than for undertakings for collective investment in transferable securities (UCITS). In terms of the potential assets of the funds, there continues to be strong demand for complex assets, even though classic securities are also a focus of the new funds.

---

***TVTG creates  
legal certainty.***

---

#### Approval of securities prospectuses

The FMA is responsible for reviewing and approving prospectuses and supplements for the public offer of securities or their authorisation for trading on a regulated market. The FMA reviews the securities prospectuses for completeness, coherence, and comprehensibility. Securities prospectuses aim to eliminate information asymmetries between investors and issuers. The number of approved prospectuses amounted to 38 (previous year: 32). Demand for prospectus approvals continues to be high. In the vast majority of cases, the approvals concern ordinary bond issues. FinTech-based issues are the exception.

#### Registrations under the TVTG

The Token and TT Service Provider Act (TVTG) entered into force on 1 January. It tasks the FMA with registration and event-driven (ad hoc) supervision of TT service providers. In the first quarter, one already active bank was the first undertaking to register for five services under the new law. By the end of 2020, 10 undertakings had registered for 24 services under the TVTG. Many of these undertakings have been approved on a conditional basis and must provide proof that they have met the general registration conditions by the end of March 2021. Seven companies withdrew their previously submitted applications for a total of nine services. The withdrawals were mainly due to the fact that the roles applied for were not actually performed.

Financial market participants and products supervised by the FMA	2019	2020	Licences issued in 2020	Market exits in 2020
<b>Banking Division</b>				
Banks	14	13	0	1
Investment firms	0	1	1*	0
Payment institutions	0	0	0	0
Liechtenstein Postal Service	1	1	0	0
Electronic money institutions	5	4	0	1
External auditors	5	5	0	0
<b>Securities and Markets Division</b>				
Asset management companies	106	102	3	7
<i>IUG</i>				
Active management companies (MCs)	3	3	0	0
Domestic investment funds	27	24	0	3
External auditors	8	8	0	0
<i>UCITSG</i>				
Active management companies (MCs)	12	11	0	1
UCITS	224	217	11	18
External auditors	11	10	0	1
<i>AIFMG</i>				
Large AIFMs	15	16	1	0
Small AIFMs	0	0	0	0
Administrators	0	0	0	0
Risk managers	1	1	0	0
Selling agents	1	2	1	0
AIFs	265	281	47	31
Audit firms	10	9	0	1

*Table 1a*  
*Financial market participants and products supervised by the FMA*

\* Licence granted subject to conditions precedent

**SUPERVISION**  
FMA Annual Report 2020

Financial market participants and products supervised by the FMA	2019	2020	Licences issued in 2020	Market exits in 2020
<b>Insurance and Pension Funds Division</b>				
Insurance undertakings	37	36	0	1
External auditors under the VersAG	10	7	0	3
Insurance intermediaries	54	56	4	2
Pension schemes	17	17	0	0
External auditors under the BPVG	13	12	0	1
Pension insurance experts under the BPVG	17	19	2	0
Pension funds	4	3	0	1
<b>Anti-Money Laundering and DNFBP Division</b>				
Professional trustees	151	147	4	8
Trust companies	245	245	14	14
Auditors	43	41	1	3
Auditors established in Liechtenstein	5	5	0	0
Audit firms	28	28	0	0
Patent lawyers	5	5	0	0
Patent law firms	3	4	1	0
Persons with a licence under the 180a Act	216	215	12	13
Casinos	4	5	-**	-**

*Table 1b  
Financial market participants and products supervised by the FMA*

\*\*Licences granted by the Office of Economic Affairs

Financial market participants supervised by the FMA under the free movement of services	2019	2020
<b>Banking Division</b>		
Free movement of services of EEA banks	263	269
Free movement of services of EEA investment firms	2172	2188
Free movement of services of EEA payment institutions	376	407
Free movement of services of electronic money institutions	222	248
Free movement of services of EEA-regulated markets	16	16
Branches of EEA investment firms	0	0
<b>Insurance and Pension Funds Division</b>		
Free movement of services of EEA and Swiss insurers	419	438
Branches of Swiss insurers	17	17
Branches of EEA insurers	2	2
<b>Securities and Markets Division</b>		
Free movement of services of EEA investment undertakings	441	559
Free movement of services of EEA management companies	77	82
Investment undertakings with third-country market authorisation	12	13
<b>Anti-Money Laundering and DNFBP Division</b>		
Auditors engaged in free movement of services	38	38
Audit firms engaged in free movement of services	18	18
Patent lawyers engaged in free movement of services	2	2
Patent law firms engaged in free movement of services	1	1

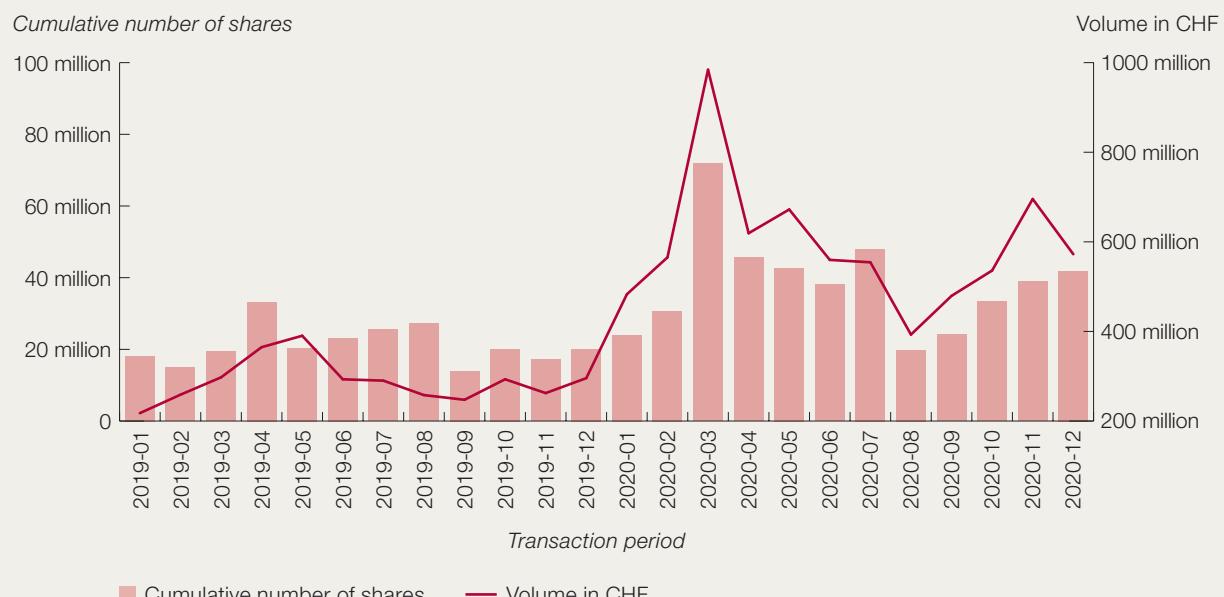
*Table 2  
Financial market participants supervised by the FMA under the free movement of services*

Category	Number of changes	Main changes
Banks	60	<ul style="list-style-type: none"> <li>– Changes to general management</li> <li>– Changes to board of directors</li> <li>– Changes to articles of association</li> <li>– Changes to qualifying holdings</li> </ul>
Electronic money institutions	10	<ul style="list-style-type: none"> <li>– Changes to general management</li> <li>– Changes to board of directors</li> <li>– Changes to articles of association</li> </ul>
External auditors under the Banking Act/ Electronic Money Act/Payment Services Act	1	<ul style="list-style-type: none"> <li>– Recognition as lead auditors under the BankG</li> </ul>
Asset management companies	88	<ul style="list-style-type: none"> <li>– Changes to general management</li> <li>– Changes to board of directors</li> <li>– Changes to articles of association</li> <li>– Changes to qualifying holdings</li> <li>– Changes to delegations</li> </ul>
Active management companies authorised under the IUG, UCITSG, AIFMG	17	<ul style="list-style-type: none"> <li>– Changes to general management</li> <li>– Changes to board of directors</li> <li>– Changes to qualifying holdings</li> <li>– Changes to document template</li> </ul>
IUs for a community of interests	1	<ul style="list-style-type: none"> <li>– Changes to board of directors</li> </ul>
UCITS	107	<ul style="list-style-type: none"> <li>– New unit classes</li> <li>– New subfunds</li> <li>– Change of name</li> <li>– Change of asset manager</li> <li>– Change of audit firm</li> <li>– Change to investment policy</li> <li>– Mergers</li> <li>– Revocation of delegation</li> </ul>
AIFs	154	<ul style="list-style-type: none"> <li>– New unit classes</li> <li>– New subfunds</li> <li>– Change of name</li> <li>– Change of asset manager</li> <li>– Change of audit firm</li> <li>– Change of depositary</li> <li>– Change of AIFM</li> <li>– Change to investment policy</li> <li>– Revocation of delegation</li> </ul>
Insurance undertakings	166	<ul style="list-style-type: none"> <li>– Changes to general management</li> <li>– Changes to board of directors</li> <li>– Outsourcing of functions</li> <li>– Changes to key functions</li> <li>– Changes to qualifying holdings</li> <li>– Change of external auditor</li> <li>– Transfer of portfolio</li> </ul>
Patent lawyers	3	<ul style="list-style-type: none"> <li>– Activation of dormant licence</li> <li>– Extension of licence under free movement of services</li> </ul>
Patent law firms	1	<ul style="list-style-type: none"> <li>– Extension of licence under free movement of services</li> </ul>
Trust companies	75	<ul style="list-style-type: none"> <li>– Change of business name</li> <li>– Changes to general management</li> <li>– Changes to board of directors</li> <li>– Change of insurance</li> <li>– Changes to qualifying holdings</li> <li>– Person actually managing the company</li> </ul>
Persons with a licence under the 180a Act	3	<ul style="list-style-type: none"> <li>– Conversion to dormant status</li> <li>– Activation of dormant licence</li> </ul>
Audit firms under the WPRG	3	<ul style="list-style-type: none"> <li>– Change of general manager</li> </ul>

*Table 3  
Changes to licences*

# Transaction monitoring

*In 2020, the FMA processed and analysed about **10,000,000** reports of transactions involving financial instruments. Special IT applications ensure that this process is largely automated and that the specialists can focus on clarifying suspicious cases to combat insider trading and market manipulation.*



*Own calculation: Equity-related transactions reported to the FMA. Buys and sells displayed cumulatively according to number of shares and volume in Swiss francs.*

Investment firms carrying out transactions in financial instruments (e.g. shares or options) must report all transactions in detail to the competent authority. This new obligation was introduced in Europe with the EU Markets in Financial Instruments Directive (MiFID II). The aims include combating insider dealing and market manipulation and strengthening investor protection.

The transaction data received by the FMA is examined using various scenarios relating to insider dealing and market manipulation. The stored parameters are adjusted on an ongoing basis according to market events and market behaviour. In addition to the implemented scenarios, the FMA regularly carries out random checks and, within the scope of its powers, requests comments from the investment firms or credit institutions.

In addition to indications of market abuse, transaction monitoring can also identify risks that jeopardise the functioning of the markets. The FMA not only receives reports from investment firms domiciled in Liechtenstein, but is also connected to supervisory authorities throughout Europe via the system that has been established for that purpose.

Investment firms transmitted about 10 million transaction reports to the FMA in 2020, which amounts to more than 27,000 reports daily. Reporting and evaluation require a sophisticated IT solution. The IT system must ensure that investment firms are able to meet their reporting obligations efficiently and that the validation and evaluation of the reports is highly automated so that the FMA's specialists can focus on the suspicious cases identified by the system. Special IT applications have been developed for this purpose, which also communicate with the Financial Instruments Reference Data System (FIRDS) of the European Securities and Markets Authority (ESMA) and the internal systems of the supervisory authorities of the EEA countries.

The FMA-internal IT systems validate the incoming reports according to predefined rules, at both the technical and content level. For this purpose, the reported financial instrument is also matched against the reference data system operated by ESMA. If these validations are successful, the transactions are stored in the FMA's databases for further analysis. If the further analysis gives rise to suspicions of misconduct on the part of market participants, the FMA carries out further clarifications or takes appropriate enforcement measures.

#### Investment firm

Legal person which, in the course of its ordinary professional or business activities, provides one or more investment services to third parties and/or performs one or more investment activities on a professional basis.

## Ongoing supervision

The goal of ongoing supervision of the individual supervised financial intermediaries is to ensure permanent compliance with the licensing conditions, especially the financial resources of market participants.

For banks and electronic money institutions, the internal audit and dealing with conflicts of interest were a focus of supervision in the area of governance. For electronic money institutions, entry into force of the Payment Services Act (ZDG) implementing the European Payment Services Directive (PSD 2) increased transparency and information requirements and strengthened customer protection and security requirements. In addition to the introduction of two new categories of financial intermediary – payment initiation service providers and account information service providers – existing licences of electronic money institutions had to be transferred to the new regime. The FMA integrated the new requirements into its supervision. In addition, ongoing supervision was established for the new licence categories. For banks, the focus of supervision was on earnings risk and the associated dependencies. Deficiencies in the banking sector were identified primarily in the area of risk management.

In 2019, the Deposit Guarantee and Investor Compensation Act (EAG) entered into force, which places the Deposit Guarantee and Investor Compensation Foundation (EAS) under the supervision of the FMA. In the first year, the focus of supervision was primarily on the EAS's internal organisation.

In the insurance sector, one focus was on auditing technical provisions, especially in life insurance. The results were largely satisfactory. A continued focus was on compliance with the requirements relating to governance and the outsourcing of asset management. With regard to governance, the FMA identified and sanctioned a number of violations.

With entry into force of the Insurance Distribution Act (VersVertG), which transposes the EU Insurance Distribution Directive (IDD) into national law, the requirements regarding conduct of business, transparency, and expertise for insurance mediation and insurance advisory services and, accordingly, the requirements for FMA supervision were increased across the board. In 2020, conduct-of-business supervision was established with the aim of reviewing implementation of the IDD by insurers. This review showed that the IDD requirements were largely implemented properly.

For pension schemes, a special focus was on reviewing the level of the technical interest rates and the conversion rates, given that these have become even more important due to the persistent phase of low interest rates. Against this background, a conversion rate that is too high leads to constant losses and thus ultimately to a redistribution from active insured persons to pension recipients. The FMA has already repeatedly warned of this development.

One of the purposes of fund regulation is to protect investors through transparent, non-misleading, and fair information. For this reason, the FMA's focus in fund supervision was on information to clients, and it audited compliance with the legal requirements.



The revision of the Alternative Investment Fund Managers Act (AIFMG), which entered into force on 1 February, further strengthened the requirements in this regard. The supervisory regime for alternative investment funds is based in part on periodic reporting of relevant fund data by the fund manager. In 2020, the FMA focused on this reporting and audited in particular whether the reports were made in accordance with the legal requirements governing deadlines and content. Some deficiencies were identified with regard to compliance with the reporting deadline. Other violations identified included violations of the prospectus rules.

MiFID II continued to shape the supervision of asset management companies in 2020. The FMA focused on the MiFID requirements of suitability checks, client information, and product governance. Compliance with these rules serves to protect clients. The FMA identified some deficiencies and called for them to be remedied.

With entry into force of the revised Trustee Act (TrHG) on 1 July, ongoing supervision by the FMA was established for professional trustees. In the fiduciary sector, the FMA focused on auditing the person actually managing the company. In addition, the FMA carried out focus audits in risk assessment and risk-appropriate supervision in the area of due diligence.

### On-site inspections

Each year, the FMA conducts a series of planned and, where necessary, incident-based (ad hoc) on-site inspections. These inspections are usually dedicated to one or more focus areas which the FMA audits on-site through its own audit activities. In 2020 due to the Covid-19 pandemic, the on-site inspections were carried out primarily by means of video conferencing.

### Auditing

Supplementing its own audits, the FMA evaluates the audit reports submitted by auditors who perform a risk-based audit of compliance with the regulatory requirements by the financial intermediaries. Where deficiencies arise, the FMA takes the necessary measures or sanctions the financial intermediary in accordance with the legal requirements. The audits are based on the FMA's Audit Guideline. The Audit Guideline governs the procedure to be observed in the audits and reports of the external auditors authorised under special legislation, and it serves to ensure the high quality and uniform administration of supervisory audits. The uniform and detailed requirements governing audits make a significant contribution to the convergence of supervisory practice and implementation of risk-based supervision.

Category	Audit reports	Deficiencies	Deficiencies mainly in the following areas
Banks	15	102	<ul style="list-style-type: none"> <li>– Risk management</li> <li>– Reporting</li> <li>– Documentation</li> </ul>
Electronic money institutions	4	3	<ul style="list-style-type: none"> <li>– IT and outsourcing</li> </ul>
Asset management companies	102	113	<ul style="list-style-type: none"> <li>– Organisational requirements</li> <li>– Record-keeping and retention requirements of the company</li> <li>– Compliance with own funds requirements</li> <li>– Conduct of business</li> </ul>
(Fund) management companies	20	15	<ul style="list-style-type: none"> <li>– Non-compliance with reporting deadlines and reporting requirements</li> <li>– Organisational requirements</li> <li>– Record-keeping and retention requirements</li> <li>– Conduct of business</li> </ul>
Funds	523	75	<ul style="list-style-type: none"> <li>– Violation of reporting requirements</li> <li>– Failure to maintain minimum assets</li> <li>– Violation of NAV calculation/accounting</li> <li>– Violation of organisational requirements</li> <li>– Violation of prospectus requirements</li> <li>– Significant valuation errors</li> </ul>
Insurance undertakings	36	44	<ul style="list-style-type: none"> <li>– Organisational requirements, especially on the basis of Solvency II requirements</li> <li>– Going concern (business continuity)</li> </ul>
Insurance intermediaries	54	0	
Pension schemes	17	2	<ul style="list-style-type: none"> <li>– Management/audit of individual retirement accounts</li> </ul>
Pension funds	3	0	

*Table 4*  
*Review of audit reports*

## Reporting

Under special legislation, financial intermediaries are required to provide the FMA with the data necessary to evaluate the company and its risks. On the basis of the reports, the FMA verifies compliance with regulatory requirements and follows the business development of the supervised financial intermediaries in a timely manner.

Category	Reports
Banks	1050
Electronic money institutions	80
Asset management companies	524
Management companies	135
Funds	3459
Insurance undertakings	352
Insurance intermediaries	54
Pension schemes	54
Pension funds	17
<b>TOTAL</b>	<b>5725</b>

*Table 5*  
*Reporting*

## Management meetings

FMA representatives hold regular management meetings with members of the general management and board of directors of supervised entities. The main topics in the reporting year were business strategy and business development against the backdrop of the Covid-19 pandemic, sustainability, and governance. Insights from risk-based due diligence inspections were also discussed. 41 management meetings were held during the reporting year.

## **Due diligence supervision to combat money laundering**

With the centralisation of due diligence supervision effective 1 April 2019, a change in strategy was made with respect to the FMA's own on-site inspections. By significantly increasing the number of its own inspections, the FMA gains a more direct insight into the risk understanding and quality of preventive measures in the individual financial sectors. This strategy was pursued consistently during the reporting year.

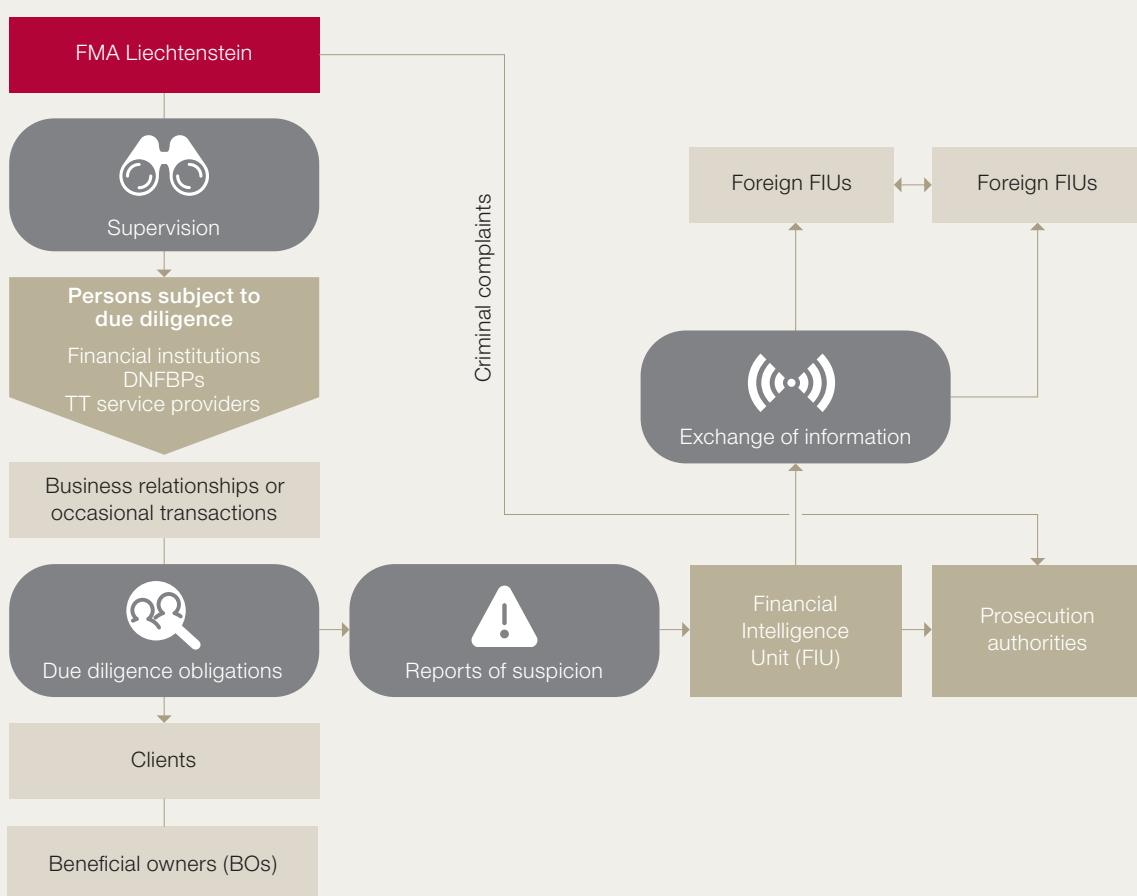
The FMA focused its supervisory activities on those persons subject to due diligence who pose the highest risks. The starting point for the FMA's annual audit planning is the data on the inherent risks of the individual institutions which the FMA receives via the annual Due Diligence Act (SPG) report. Additionally, information on the quality of the risk mitigation of the institutions is taken into account, which the FMA collects primarily as part of ongoing inspections.

In accordance with the [supervisory priorities](#) published for 2020, the focus of the FMA's own audits in the reporting year was on the appropriateness of the risk assessment of the business relationships (customer risk assessments) and the appropriateness of the business profiles – especially the source of funds and the source of wealth. In addition, the topics of shell companies, service companies, third-party signing authority, and cash transactions were audited.



# The FMA's role in the defence mechanism against money laundering and terrorist financing

*For years, Liechtenstein has attached the highest priority to the fight against money laundering and terrorist financing, pursuing a zero-tolerance policy.  
As an EEA member, the high European and global regulatory standards apply in Liechtenstein.*



Within the defence mechanism, combating money laundering and terrorist financing is the responsibility of the financial market participants subject to due diligence and the authorities.

## FMA Liechtenstein

The FMA monitors compliance with due diligence obligations on the part of persons subject to due diligence and imposes penalties where violations occur. To perform this task, it conducts on-site inspections and evaluates the information from the SPG reporting system.

### Persons subject to due diligence

Financial institutions, TT service providers, and other financial intermediaries must comply with anti-money laundering rules when dealing with their clients. These due diligence obligations are laid down in the SPG and various sets of implementing rules.

#### The most important due diligence obligations

- Identification and verification of the client
- Identification and verification of the beneficial owners
  - Clarification of the source of funds
  - Ongoing transaction monitoring
- Submission of reports of suspicion of money laundering, predicate offences of money laundering, or terrorist financing

### Financial Intelligence Unit (FIU)

The FIU is responsible for receiving and analysing reports of suspicion. In cases of suspicion of criminal offences, the FIU reports to the Office of the Public Prosecutor. The FIU also analyses general threats of money laundering, predicate offences of money laundering, and terrorist financing.

### Prosecution authorities

The Office of the Public Prosecutor examines the FIU's analysis report and, where called for, initiates an investigation. If there is sufficient suspicion of a criminal offence, the Office of the Public Prosecutor files charges with the competent court.

Criminal Code (StGB): money laundering and predicate offences, terrorist financing

Due Diligence Act (SPG): e.g. late submission of reports of suspicion

In the reporting period, the FMA conducted regular on-site inspections with risk-based focuses at three banks. In addition, 36 random samples (client files and cash transactions) and 98 transactions in or from high-risk countries were drawn and audited. As a result of the audit, deficiencies were found in connection with the systemic implementation of risk-appropriate transaction monitoring and the risk assessment in use, as well as in individual cases with regard to the available information or documentation on the source of funds and the source of wealth. In three cases, reports were made to the Office of the Public Prosecutor due to late submission or non-submission of reports of suspicion to the Financial Intelligence Unit (FIU). Two extraordinary on-site inspections were also carried out at banks based on official findings, which resulted in corresponding penalties or fines in each case. Four further planned on-site inspections at two banks and two electronic money institutions had to be postponed until 2021 due to the Covid-19 pandemic.

The FMA conducted regular on-site inspections with risk-based focuses at two insurance undertakings and one insurance intermediary. A total of 19 random samples were drawn and audited. Deficiencies were found with regard to the information and documentation concerning the source of funds, the risk assessment, and the performance of matches with politically exposed persons (PEPs). Two planned inspections were included in the 2021 audit plan.

In the reporting period, the FMA conducted risk-based on-site inspections at two asset management companies. The main deficiency identified was that in some cases, the risk assessment was not carried out properly or was carried out late. In addition, there were deficiencies with regard to the reporting of internal functions and PEP checks.

The FMA conducted an on-site inspection at a fund management company and audited compliance with the due diligence obligations of six investment funds as well as the organisation of the management company. Findings were noted in the application of simplified due diligence obligations and the risk-based monitoring thereof.

In the reporting period, the FMA conducted two extraordinary and three regular on-site inspections relating to TT service providers. Deficiencies were found in particular in the onboarding process, in the minimum content of the business profiles, and in the verification of whether the contracting party is also the beneficial owner.

In the fiduciary sector, the FMA conducted 12 consolidated regular on-site inspections with risk-based focuses, covering a total of 76 persons subject to due diligence. A total of 74 random samples were drawn and audited. Most of the findings concerned the completeness and informative value of the business profile, proper identification of the contracting party, and preparation and repetition of the risk assessment and PEP matching. In addition to the aforementioned findings, one criminal complaint was filed with the Office of the Public Prosecution for late submission or non-submission of reports of suspicion to the FIU.

In their due diligence concept, casinos must set out the measures taken to ensure that the due diligence obligations are complied with. In addition to auditing these due diligence concepts, the FMA carried out regular due diligence inspections. In the reporting period, two on-site inspections and two management meetings were conducted. In particular, the risk assessment, PEP matching, and monitoring of occasional transactions in gaming operations were audited. At one casino, the FMA audited the camera

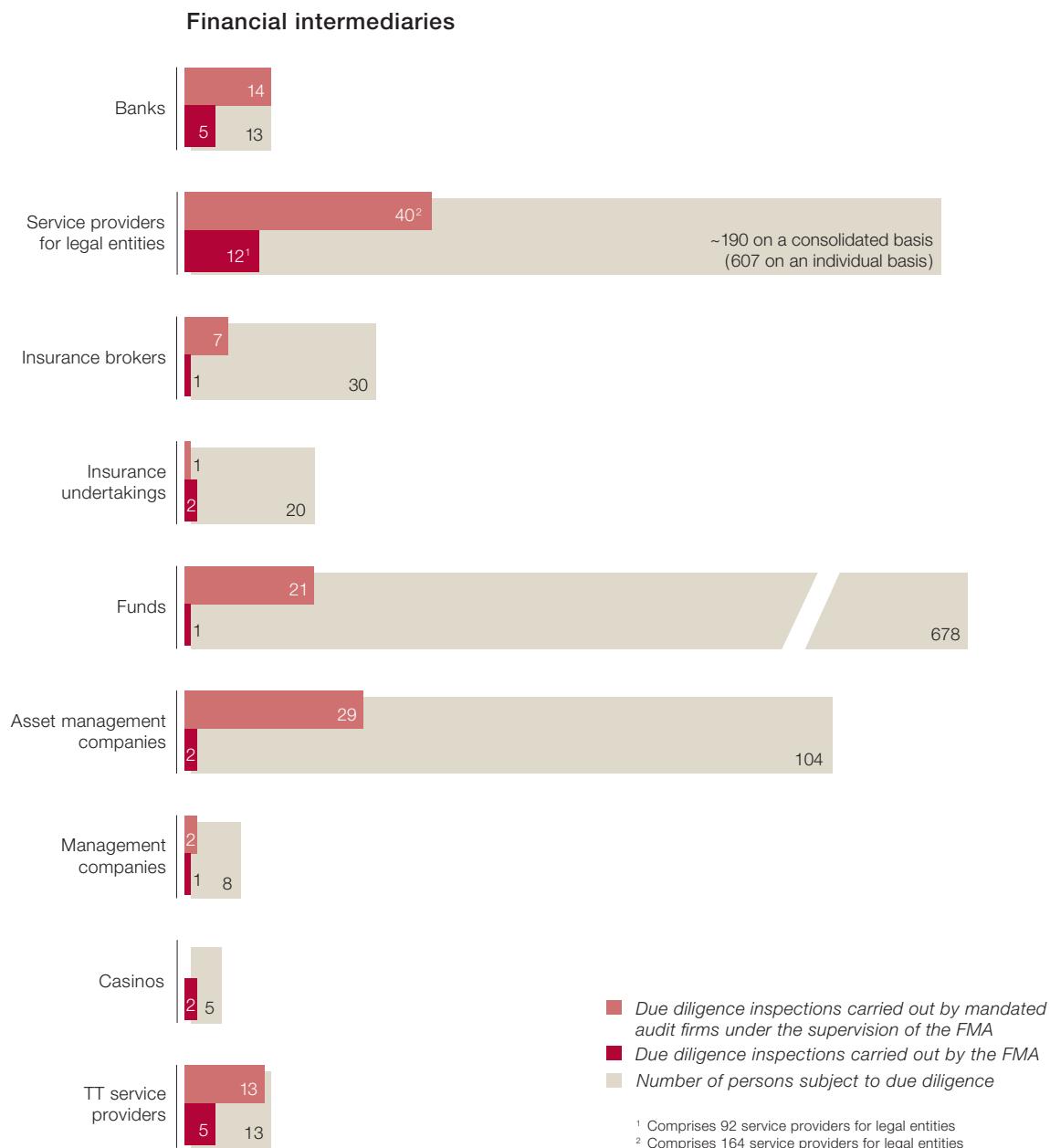


Figure 3  
Due diligence inspections

surveillance system in cooperation with the Office of Economic Affairs (AVW). Management meetings were held with two casinos.

For the due diligence inspections that the FMA carries out through audit firms (mandated on-site inspections), the FMA for the first time deviated from its previous concept of full inspections and instead mandated the auditors to conduct focused due diligence inspections. These inspections take even greater account of the risk-based approach and result in a more detailed audit report, which gives the FMA better insight into the quality of due diligence in certain areas. This approach is to be maintained in the coming audit rounds as well. In future, full audits are in general envisaged only for new market participants. In the due diligence audits, the topics of risk assessment, business profiles, and identification and verification of beneficial owners were audited.

In the 2020 audit year, the FMA mandated focused audits of 14 banks, one insurance undertaking, seven insurance intermediaries, 21 subfunds, two management companies, and 29 asset managers. In the fiduciary sector, 40 consolidated on-site inspections were mandated, covering a total of 164 service providers for legal entities (trust companies, professional trustees, persons licensed under the 180a Act, and notifying entities).

In addition to these focused audits in all important sectors, full SPG audits by auditors were mandated at a total of 13 TT service providers that were operationally active in the reporting year.

The FMA evaluates the reports of the focused audits and the full audits. The findings from the inspections relate in particular to weaknesses in the business profiles. In addition to the results of the FMA's own audits, the results of these mandated audits are included in the FMA's risk assessment of the individual institutions, which is the central basis for SPG audit planning.

---

*More own on-site  
inspections by the FMA.*

---

## International administrative assistance

The FMA provides administrative assistance to foreign supervisory authorities. In 2020, a total of 70 requests for administrative assistance were submitted to the FMA asking for information. In return, the FMA submitted 64 requests to foreign supervisory authorities. Administrative assistance is an important instrument in the cooperation between supervisory authorities. It supports the goals of financial market supervision to safeguard confidence in the financial markets, protect clients, and combat abuses.

*Non-client-related administrative assistance:* Non-client-related information is information under supervisory law relating to the general activities of a supervised entity in its capacity as a market participant. In addition to information on solvency and liquidity, this includes in particular information on the governing bodies or ownership of a supervised entity as well as information on any supervisory or criminal proceedings against the supervised entity or its governing bodies or ownership. In 2020, 43 such non-client-related enquiries were addressed to the FMA. Of these, 12 were good standing enquiries or requests for letters of confirmation. In the same period, the FMA submitted a total of 63 non-client-related requests for administrative assistance to 26 different foreign supervisory authorities.

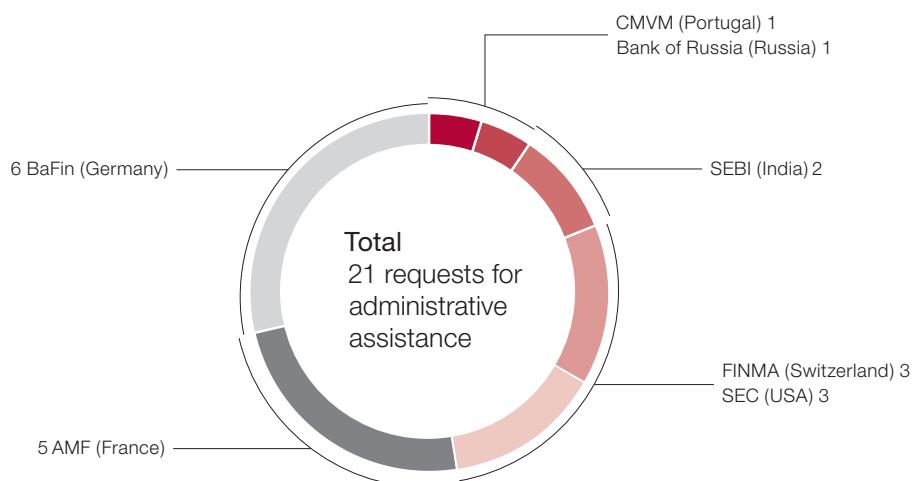
*Client-related administrative assistance:* If the information to be transmitted concerns individual clients of financial institutions, this constitutes client-related administrative assistance, which is subject to strict formal requirements. The focus is on administrative assistance in the area of securities supervision on the

basis of the multilateral memorandum of understanding with the International Organization of Securities Commissions (IOSCO MMoU). The main topics here are violations of insider legislation, market manipulation, monitoring of trading in financial instruments, and ensuring publication and reporting obligations. Outside of securities supervision, client-related administrative assistance takes place according to special laws such as the Banking Act.

In 2020, the FMA was requested for client-related administrative assistance in 27 cases. 21 were made on the basis of the IOSCO MMoU, six on the basis of special laws. In the same period, the FMA submitted one client-related request for administrative assistance to a foreign supervisory authority.

Insider trading	5
Market manipulation	5
Investment fraud	2
Activity without a licence	6
Referral requests	7
Other	2

**Figure 4**  
*Reasons for client-related requests for administrative assistance (IOSCO MMoU and special laws)*



**Figure 5**  
Client-related requests for administrative assistance  
relating to securities, by authority (IOSCO MMoU)

Some of the cases were very complex, requiring the FMA to review extensive data material comprising numerous binders. In all cases involving securities supervision under the IOSCO MMoU, they are submitted to the Administrative Court for approval before the information is forwarded. With one exception, this approval was granted by the Administrative Court without any restrictions. In several cases, the FMA was asked to give its consent to forwarding of information that had already been transmitted, in some cases to forward the information on to prosecution authorities, and in some cases to extend investigations to other countries. In 16 cases, the ban on informing the person concerned of the existence of the request for administrative assistance was lifted. In 2020, two persons then asserted their right to inspect files, but they did not file a complaint against the decisions of the FMA.

## Enforcement

Enforcement covers the objective of the supervisory authority defined in Article 4 of the FMA Act (FMAG) to combat abuses. Enforcement captures all activities for which the FMA determines whether an infringement has actually occurred on the basis of indications of infringements of supervisory law. If an infringement has occurred, the FMA orders the enforcement measures and sanctions necessary to restore a lawful state of affairs by way of contestable decrees, and it monitors their implementation.

As of the end of 2020, the FMA was conducting 28 ongoing administrative proceedings and 16 administrative criminal proceedings. Administrative proceedings are proceedings for the enforcement of financial market rules governed by public law.



Administrative criminal proceedings are proceedings carried out by the FMA to sanction violations of (supplementary) criminal law provisions set out in financial market legislation. As of the end of 2020, preliminary investigations were underway in 14 cases. During the reporting year, 139 proceedings and preliminary investigations were completed.

The subjects of the proceedings included violations relating to shareholder guarantee requirements, the notification obligation, reporting, licensing requirements, the minimum liquidity ratio, delegation of responsibilities, requirements for the board of directors, suspicion of insider dealing, and performance of activities without the requisite licence. Numerous proceedings and preliminary investigations were conducted due to violations or potential violations of the Due Diligence Act. The FMA's intervention was justified in particular due to violations identified in connection with risk-appropriate monitoring in business relationships with increased risks and high transaction volumes, inadequate performance of enhanced due diligence, inadequate internal organisation, and preparation of profiles. The majority of the violations were identified in the course of the FMA's own on-site inspections or mandated special audits. In the reporting year, penalties for qualified violations (repeated and serious violations of the SPG) had to be imposed more frequently than in the past.

On 24 February, the FMA issued a [press release](#) announcing the compulsory transfer of an insurance portfolio. The FMA compulsorily transferred the insurance portfolio of Sikura Leben AG to Quantum Leben AG, and the licence of Sikura Leben AG was withdrawn. These coercive measures were ordered

for the necessary and effective protection of the interests of insured persons and the reputation of the Liechtenstein financial market. In the area of securities prospectuses, the FMA took action against companies that issued securities without prior prospectus approval. In addition to filing criminal complaints, warnings were published on the FMA website.

---

#### FMA PRACTICE: SUPERVISION CASES

*The FMA published its [FMA Practice](#) in June. The publication serves to provide in-depth information on the supervisory practice of the FMA. It provides information in anonymised form on the FMA's decisions and decrees as well as on decisions of the FMA Complaints Commission (FMA-CC) that concern the 2019 supervisory period. FMA Practice serves to ensure legal certainty and transparency with respect to supervision of the Liechtenstein financial market exercised by the FMA. In this way, the FMA creates transparency and predictability vis-à-vis financial intermediaries and communicates its expectations, which is also intended to have a preventive effect. The cases described include exceeding of the credit limit (bank), fulfilment of the own funds requirements (bank), appointment of an observer (bank), repeated and systematic violations of due diligence provisions (trust company), and prohibition of the conclusion of new insurance contracts with lifting of suspensive effect (insurance undertaking).*

---

In 2020, the FMA imposed 18 legally binding fines amounting to CHF 1,035,500. A fine in the amount of CHF 450,000 was imposed on a legal person for a qualified violation of due diligence obligations to combat money laundering (identification and verification of the contracting party and the beneficial owner, preparation of profile, risk-appropriate monitoring of business relationships, performance of enhanced due diligence, etc.). A further fine in the amount of CHF 350,000 was imposed on a legal person for repeated and serious violations of due diligence obligations (preparation of profile, performance of enhanced due diligence, and ensuring of internal organisation). In total, the FMA imposed five legally binding fines amounting to CHF 939,000 for violations of the Due Diligence Act. Other fines imposed by the FMA included violations of reporting and disclosure obligations (Banking Act), conditions on the grant of licences (Trustee Act), and rules of conduct (Asset Management Act), failure to conduct an audit (Asset Management Act) and failure to obtain required approvals in a timely manner (Insurance Supervision Act). The penalties are published on the [FMA website](#) in anonymised or named form. The fines levied by the FMA are transferred to the national treasury.

In 2020, the FMA filed a total of 47 criminal complaints with the Office of the Public Prosecutor. If the FMA becomes aware of a suspicion of a criminal offence to be prosecuted ex officio relating to its legal sphere of action, it is required to file a criminal complaint. In 29 cases, the FMA filed criminal complaints against employers for neglecting their legal obligations, such as the payment of contributions or the obligation to join an occupational pension scheme. Other criminal complaints concerned included

potential violations of the Due Diligence Act, Banking Act, Electronic Money Act, Securities Prospectus Act, Trustee Act, and Token and TT Service Provider Act. In one case, the FMA filed a criminal complaint on suspicion of contraventions against the Insurance Supervision Act and on suspicion of embezzlement, fraud on a commercial basis, criminal breach of trust, fraudulent bankruptcy, and grossly negligent interference with creditor interests under the Criminal Code (StGB). The FMA also filed criminal complaints for potential violations of the Market Abuse Act (MG). The MG serves to combat insider dealing and market manipulation (market abuse) and aims to ensure the integrity of the financial markets and public confidence in financial instruments. If there is an initial suspicion of insider dealing or market manipulation, the FMA carries out clarifications. If the indicia of a suspicion of insider dealing or market manipulation are substantiated, the FMA is legally obliged to file a criminal complaint with the Office of the Public Prosecutor. Otherwise, the FMA is liable to prosecution. The Office of the Public Prosecutor decides whether to take the necessary investigative measures. Initial suspicion may arise, for example, from reports by domestic financial intermediaries to the FMA under the Market Abuse Act, requests for administrative assistance from foreign supervisory authorities, or the FMA's own observations.

During the reporting period, the FMA submitted seven reports to the Financial Intelligence Unit (FIU). This occurs in cases of suspicion of money laundering, a predicate offence of money laundering, organised crime, or terrorist financing.

# Enforcement of supervisory law

*The term “enforcement” covers all of the FMA’s actions to pursue indications of violations of supervisory law and, where necessary, sanction those violations. If a violation of the law has occurred, enforcement by the FMA includes ordering the measures and penalties necessary to restore a proper state of affairs by means of appealable decrees and monitoring implementation thereof.*



*System of microprudential supervision at the level of the financial intermediary: The provision of financial services requires a licence from the FMA Liechtenstein. The barriers to entry serve to ensure a high quality of market participants and a serious business for the purpose of client protection. The licensing conditions must always be met. This is inspected as part of ongoing supervision. The financial intermediary’s exit from the market must also be supervised. In all these phases of supervision, enforcement aims at restoring a proper state of affairs.*

Investors, insured persons, creditors, supervised financial intermediaries, and the public have a right to integrity when dealing with markets and market participants. By enforcing supervisory law, the FMA combats violations of the law, eliminates abuses, and averts harm to all stakeholders. Measures ordered by the FMA in enforcement proceedings are always aimed at restoring a proper state of affairs. The FMA's appealable decrees may be contested before the FMA Complaints Commission, an independent judicial body.

Where violations of supervisory law are identified, the FMA imposes penalties in accordance with the provisions of special legislation such as the Banking Act. Penalties such as fines are intended to act as a deterrent and in that way also have a preventive effect.

The FMA is a supervisory authority. If the FMA becomes aware of a suspicion of a criminal offence to be prosecuted ex officio relating to its statutory sphere of action, it is legally required to file criminal charges with the Office of the Public Prosecutor. The Office of the Public Prosecutor examines the criminal complaint and, if necessary, takes the further steps required as part of a criminal prosecution.

Each year, the FMA publishes FMA Practice. In anonymised form, [FMA Practice](#) provides information on selected enforcement proceedings of the FMA.

Public information: The protection of privacy and personality rights enjoys the utmost importance in the Liechtenstein legal system. The basic principle applies that the FMA does not provide information about individual proceedings. It can provide information where there is a special need under supervisory law, such as protection of clients or correction of misleading and false information.

**28** *ongoing administrative proceedings and*

**16** *administrative criminal proceedings at the end of 2020*

*In 2020,* **139** *proceedings and preliminary investigations were concluded*

*Fines* **CHF 1,035,500** **47** *criminal complaints*

**12** *warnings*

In 2020, the FMA received a total of 25 whistleblowing reports, i.e. reports of potential violations of the law. Of these, 14 were submitted via the whistleblowing section of the FMA website or to the FMA's postal address. 11 reports were submitted to the FMA via other channels, such as anonymous emails to FMA employees. Of all the reports received, two were not usable. The remaining reports contained indications and information concerning potential acts of fraud, violations of corporate governance, unauthorised business practices, money laundering, and various other violations of supervisory provisions. Reports that did not fall within the remit of the FMA were forwarded to the competent authorities, such as the Fiscal Authority, the Office of the Public Prosecutor or the FIU. All whistleblowing reports that fell within the remit of the FMA were investigated within the framework of supervision or were followed up by initiating administrative proceedings or administrative criminal proceedings.

In the reporting year, the FMA published 12 warnings on its website. In three cases, undertakings falsely gave the impression that they had an FMA licence. The FMA also warned against six clone firms and urgently advised against making any investments via their websites. Clone firms assume the identity of a real company and try to trick users into making investments. In three cases, the FMA warned against companies offering bonds without approved securities prospectuses.

---

## SHAREHOLDER GUARANTEE REQUIREMENTS

*The FMA conducted proceedings regarding shareholder guarantee requirements. In the case of banks, for example, shareholders with a qualifying holding must, under the Banking Act, "meet the demands placed in the interest of ensuring sound and prudent management of the bank or investment firm" (Article 17(5) BankG). These legal requirements serve to protect clients and confidence in the banks and must be permanently fulfilled. For this purpose, Joint Guidelines JC/GL/2016/01 issued by the European Supervisory Authorities are used as an interpretation aid. The FMA ensures compliance with the aforementioned requirements in the ongoing supervision of banks and enforces supervisory law in the event of violations. Pursuant to Article 26a BankG, the FMA is responsible for assessing whether a potential shareholder could impair the prudent and sound management of the bank. The criteria according to which the assessment is to be made are laid down in the Banking Ordinance (Annex 8 BankV). Criteria include the reliability of the proposed acquirer, the reliability and experience of any person who will manage the bank as a result of the acquisition of the qualifying holding, and the financial soundness of the proposed acquirer.*

---

## Activities of the resolution authority

In the wake of the financial crisis, an international framework for the recovery and resolution of systemically important financial institutions was established as a response to the bank bailouts. In Liechtenstein, the resolution authority affiliated with the FMA is responsible for performing the tasks in this regard.

The key responsibility of the resolution authority is to draw up plans for overcoming crises at banks and investment firms. In particular, these resolution plans define strategies and measures to prevent the failure of critical functions and negative effects on financial stability.

The resolution reporting system was implemented in the reporting year. The banks concerned had to submit reports for this purpose for the first time in 2020. Resolution planning was continued on this basis. The resolution plans are intended to prepare both the competent authorities and the banks concerned for potential crisis scenarios and provide for institution-specific measures and strategies.

The work of the resolution authority also focused on determining the basis for setting the Minimum Requirement for Own Funds and Eligible Liabilities (MREL). MREL aims to ensure that banks maintain sufficient own funds and convertible debt capital in the event of resolution. The amount of the MREL ratio is determined separately by the FMA for each institution concerned and takes the business model and the risk profile of the bank into account, along with other factors.

Finally, development of the Liechtenstein resolution financing mechanism was continued. The financial resources available under this mechanism are intended to support effective application of the resolution regime as needed. The resolution financing mechanism is to be endowed with adequate resources by the Liechtenstein banks and investment firms on a pro rata basis according to a statutorily defined contribution key. The defined target funding of at least 1% of the covered deposits of all institutions licensed in Liechtenstein is to be achieved by the end of 2027. The pro rata contribution per institution is calculated by the FMA. By the end of 2020, contributions of about CHF 16.4 million were levied on Liechtenstein banks and investment firms.

## Outlook

---

The FMA pays particular attention to compliance with provisions to combat money laundering and terrorist financing. The focus is on risk assessment, adequacy of business profiles, and identification and verification of beneficial owners. In the banking sector, the SPG audits will focus on compliance with financial sanctions under the International Sanctions Act (ISG) and on reports of suspicion. The focus of the FMA's own SPG inspections will be defined on the basis of the vulnerabilities identified in National Risk Assessment II, which include product and service risks associated with shell companies, transaction banking, service companies, sole signing authority, cash transactions, and terrorist financing.

The impact of the Covid-19 crisis will also be included in the audit priorities. The focus is on asset quality, the impact of the persistently low interest rate environment, and liquidity risks.

In 2021, the FMA will conduct focused audits on compliance with the obligations under the European Market Infrastructure Regulation (EMIR). The emphasis is on compliance with the reporting obligations by the financial intermediaries covered by EMIR.

The improvement of data quality for the various reporting regimes is a key concern of the FMA and the European Supervisory Authorities. High data quality as a basis for corporate governance is also in

the interest of financial intermediaries. Accurate, reliable, and timely data form a key component of data-driven supervisory approaches and the early detection of risks. Data is needed to recognise market abuse, identify rule violations, perform transparency calculations, and identify systemic and counterparty risks accumulating in financial systems. For these reasons, the FMA places a special focus on this area.

---

### PRIORITIES OF SUPERVISION

*The FMA published its "[Priorities of supervision in 2021](#)" on its website. In doing so, it is making a contribution to transparency vis-à-vis financial service providers.*

---

To maintain confidence in the work of auditors, the FMA will conduct quality controls in 2021. External auditors are an element of the Liechtenstein supervisory architecture in the financial market. High demands are therefore placed on them with respect to independence, professional scepticism, and due care, as well as compliance with recognised audit standards and guidelines.

The resolution authority will continue to finalise the resolution plans, making use of the new data derived from the implemented reporting system.



## Laws supervised and enforced by the FMA

---

As of 31 December 2020, the FMA is responsible for supervising and enforcing the Financial Market Authority Act (FMAG) as well as the following laws, including the associated implementing ordinances and European Level 2 measures.

- 1 Law on Banks and Investment Firms (Banking Act; BankG)
- 2 Deposit Guarantee and Investor Compensation Act (EAG)
- 3 Law on the Recovery and Resolution of Banks and Investment Firms (Recovery and Resolution Act; SAG)
- 4 Electronic Money Act (EGG)
- 5 Law on the Liechtensteinische Landesbank
- 6 Payment Services Act (ZDG)
- 7 EEA Interchange Fees Regulation Implementation Act (EWR-IBEV-DG)
- 8 Law on Settlement Finality in Payment and Securities Settlement Systems (Settlement Finality Act)
- 9 Law on the Disclosure of Information concerning Issuers of Securities (Disclosure Act; OffG)
- 10 EEA Securities Prospectus Implementation Act (EWR-WPPDG)
- 11 Alternative Investment Fund Managers Act (AIFMG)
- 12 Investment Undertakings Act (IUG)
- 13 Law on the Liechtenstein Postal Service (Postal Act)
- 14 Trustee Act (TrHG)
- 15 Auditors and Auditing Companies Act (WPRG)
- 16 Patent Lawyers Act (PAG)
- 17 Law on the Supervision of Persons under Article 180a of the Law on Persons and Companies (180a Act)
- 18 Law on the Supervision of Insurance Undertakings (Insurance Supervision Act; VersAG)
- 19 Law on Professional Due Diligence for the Prevention of Money Laundering, Organised Crime and Financing of Terrorism (Due Diligence Act; SPG)
- 20 Occupational Pensions Act (BPVG)
- 21 Law on Insurance Protection of Buildings against Fire Damage and Damage from Natural Hazards (Building Insurance Act)
- 22 Asset Management Act (VVG)
- 23 Insurance Distribution Act (VersVertG)
- 24 Law on the Supervision of Institutions for Occupational Retirement Provision (Pension Funds Act; PFG)
- 25 Law against Market Abuse in the Trading of Financial Instruments (Market Abuse Act; MG)
- 26 Law on Takeover Bids (Takeover Act; UebG)
- 27 Law on the Supplementary Supervision of Undertakings in a Financial Conglomerate (Financial Conglomerates Act; FKG)
- 28 Law on Occupational Pensions of the State (State Pensions Act; SBPVG)

- 29 Law on Certain Undertakings for Collective Investment in Transferable Securities (UCITSG)
- 30 EEA Short Selling Regulation Implementation Act (EWR-LVDG)
- 31 EMIR Implementation Act (EMIR-DG)
- 32 PRIIP Implementation Act (PRIIP-DG)
- 33 EEA Central Securities Depositories Implementation Act (EWR-ZVDG)
- 34 CRA Implementation Act (CRA-DG)
- 35 Token and TT Service Provider Act (TVTG)
- 36 EEA Benchmarks Implementation Act (EWR-RWDG)

PROGRESS REPORT 2020

# REGULATION

High regulatory activity at European level

Implementation of EU banking package

Strengthening of anti-money laundering measures

Creation of a Mortgage and Real Estate Credit Act

Securities and market regulations

New Auditors Act

Outlook

Regulations of the FMA Liechtenstein

*In addition to finalising key enactments, the European Union is focusing on the design and distribution of financial products and the regulation of new technologies and digital finance. Sustainability has rapidly gained importance in the financial industry. Liechtenstein implemented several sets of EEA-relevant EU rules such as the 5th EU Anti-Money Laundering Directive and the Mortgage Credit Directive. implementation of the EU banking package is especially extensive. At the beginning of 2021, the new Auditors Act came into force.*

## High regulatory activity at European level

Mandated by and in close coordination with the Government, the FMA performs responsibilities relating to financial market regulation. Liechtenstein's financial market regulation is shaped by global and European standards. The relevant EU rules are especially relevant for Liechtenstein given Liechtenstein's membership in the European Economic Area (EEA). Mutual market access is ensured through compliance with common standards in the EEA.

With respect to EU financial market regulation, the key enactments that were created in the wake of the last financial crisis are headed towards completion. For example, implementation of the Basel III reforms is nearly finished, and international standards governing the resolution of systemically important banks have been incorporated into the BRRD Directive. Numerous legislative projects have also been advanced within the framework of the capital markets union.

At the same time, new, mostly cross-sectoral priorities can be observed, especially with regard to the design and distribution of financial products and new technologies. Sustainability in the financial industry (sustainable finance) is rapidly gaining in

importance, for example. In this context, the Taxonomy Regulation was published in the Official Journal of the EU in mid-2020, constituting a key building block of the Sustainable Finance Package, given that the regulation contains qualification criteria for use of the term "sustainability".

In autumn, the European Commission published its Digital Finance Package. This package aims to promote Europe's competitiveness and innovation in the financial sector. In particular, the package contains strategies for digital finance and retail payments as well as proposals for a legal framework on crypto assets and the operational stability of digital systems of financial intermediaries. Further initiatives can also be expected at EU level relating to money laundering prevention. In mid-2020, the European Commission published a package of measures including an action plan for a comprehensive EU policy on the prevention of money laundering and terrorist financing.

Finally, the Covid-19 pandemic also had an impact on EU financial market regulation. Over the course of the year, various legislative measures were enacted by the EU to help EEA financial market participants deal with the consequences of the pandemic – for example by extending transition periods deemed necessary to ensure financial stability.

## Implementation of the EU banking package

The EU banking package includes changes to the key EU banking rules (CRD IV and CRR) as well as to the EU resolution regime (BRRD). In the area of supervisory law, key requirements of the Basel Committee on Banking Supervision and the Financial Stability Board (FSB) are being implemented for the European Economic Area. These include more risk-sensitive capital requirements, a binding leverage ratio to avoid excessive indebtedness of institutions, and a binding structural liquidity ratio to overcome excessive dependence on short-term refinancing on the interbank market and to reduce long-term funding risks. The capacity of banks to lend to SMEs is also to be improved and the administrative burden for less complex, small banks, which sometimes appears disproportionate, is to be reduced.

Because of the considerable scope of this legislative package and the thematic interfaces, a project group at the FMA was entrusted with drafting regulatory implementation. In the reporting year, the FMA completed a draft consultation report on implementation of CRD V and CRR II. In addition to preparing a draft for the necessary amendments to the Banking Ordinance as well as a Report and Motion, work on implementation of BRRD II will continue in 2021.

---

***"We stand for sustainable regulation."***

*Core principles of the FMA*

---

## Strengthening the fight against money laundering

The 5th EU Anti-Money Laundering Directive (Directive [EU] 2018/843) amends the 4th EU Anti-Money Laundering Directive (Directive [EU] 2015/849) with the aim of preventing the financing of criminal activities through the financial system and strengthening transparency requirements to prevent money laundering. The 5th EU Anti-Money Laundering Directive takes into account the trend towards virtual currencies and in that way addresses the money laundering risks associated with virtual currencies. The directive also entails significant changes by going beyond international standards and including measures to increase transparency in relation to beneficial ownership. The framework for assessing high-risk third countries is also tightened and harmonised. The powers of the financial intelligence units (FIUs) are expanded, and cooperation between the authorities responsible for anti-money laundering is strengthened. Finally, the directive is accompanied by an expansion of the group of persons subject to due diligence.

On behalf of the Government, the FMA prepared draft laws to this effect in coordination with the Ministry of Government Affairs and Finance and other authorities. Timely and EEA-compliant transposition of the 5th EU Anti-Money Laundering Directive into national law once again aims to demonstrate that Liechtenstein is committed to a high standard of compliance with European and international AML/CFT requirements. The implementing legislation will enter into force on 1 April 2021.

---

**REGULATORY ACTIVITIES OF THE FMA**  
*In accordance with the owner strategy, the FMA supports the Government in regulatory projects. For this purpose, a service agreement was concluded between the Government and the FMA. The FMA's regulatory reporting listed 21 regulatory projects in the process of implementation at the end of 2020. Additionally, the FMA works to implement numerous regulatory and implementing technical standards of the European Union. Alongside the drafting work in the legislative process, incorporation of the new legal bases into the supervisory processes is also necessary, some of which involves substantial effort. A selection of regulatory projects is described in the Annual Report.*

---

## Creation of a Mortgage and Real Estate Credit Act

---

The EU Mortgage Credit Directive (MCD) creates a uniform legal framework for the granting of mortgage credit to consumers in the EU internal market. A new licensing regime for mortgage credit intermediaries is also introduced.

The MCD covers all loans taken out by consumers for the purchase of residential property as well as certain loans for the renovation of residential properties that are secured by a mortgage. The directive brings some changes for lenders granting mortgage credit: First, pre-contractual information requirements are introduced to ensure that all consumers purchasing a property or taking out a loan secured by their residential property are adequately informed about the possible risks. Second, uniform standards

for creditworthiness assessments by lenders as well as standards for the remuneration and training of employees involved in the granting of mortgage credit are set out. For the first time, licensing conditions and information requirements for credit intermediaries are also introduced.

The FMA was mandated by the Government to participate in the drafting of an implementation law (Mortgage and Real Estate Credit Act; HIKG) by the Office of Economic Affairs. In 2020, the FMA primarily contributed to content of the draft relating to its statutory scope of responsibility. The HIKG will enter into force on 1 April 2021.

## Securities and market regulations

---

*Supplementary sustainability rules for benchmarks:* At the beginning of May, the amended EEA Benchmarks Implementation Act (EWR-RWDG) entered into force. The amendments extend the transitional periods for the provision and use of critical benchmarks and the use of third-country benchmarks. This allows Liechtenstein market participants to continue to use any type of benchmark.

The “climate benchmarks” and the associated disclosure obligations represent the first statutory milestone in Liechtenstein in the context of sustainable financial market regulation. In 2021, further regulatory tasks will be undertaken which, in addition to the administrators of benchmarks, will impose sustainability disclosure obligations on all financial intermediaries, to the extent that environmentally sustainable financial products as defined by the Disclosure Ordinance are provided or advertised.

*Comprehensive regulation of the settlement process for securities transactions:* The EEA Central Securities Depositories Implementation Act entered into force at the beginning of 2020. The uniform requirements defined for issuers, participants in infrastructure systems, and trading venues serve the integrity of the securities market and the protection of investors. Under these requirements, Liechtenstein banks and securities firms (settlement internalisers) must report to the FMA on a quarterly basis the aggregated volume and value of all securities transactions that they settle outside a central securities depository's settlement system. The FMA has set up its own reporting system for this purpose.

*Strengthening market integrity as the basis for an integrated, efficient, and transparent financial market:* In March, the Liechtenstein Parliament passed the EEA Market Abuse Implementation Act to implement the EU Market Abuse Regulation. The law entered into force at the beginning of January 2021 and replaces the previous Market Abuse Act. The new law for the prevention of market abuse covers all financial instruments admitted to trading on a regulated market or for which a request for admission to trading on a regulated market has been made, which are traded on a multilateral or organised trading facility (MTF/OTF), the price or value of which depends on the financial instruments referred to, as well as greenhouse gas emission allowances and behaviour in relation to benchmarks. The new law also applies to all transactions, orders, and behaviour relating to the financial instruments referred to, regardless of whether they are carried out on a trading venue. In addition to the extensive expansion of the scope of application, significantly higher penalties for violations are also provided for. Especially also due to the obligation of market operators to report to the FMA all financial instruments admitted to trading, this helps to ensure improved supervision for the purpose of safeguarding market integrity.

*Facilitation of cross-border fund distribution:* In the reporting year, Parliament considered amendments to the AIFMG and the UCITSG in a first reading. The amendments include increased standardisation of notification requirements in the AIFMG and UCITSG, elimination of the physical presence of institutions in the host Member State, increased transparency obligations of the FMA with regard to fees, taxes, and applicable legal provisions, and uniform requirements for marketing notifications. The amendments are expected to enter into force in the summer of 2021.

*Introduction of a securitisation framework:* At the end of 2020, Parliament adopted the EEA Securitisation Act, which will enter into force together with the corresponding decision of the EEA Joint Committee incorporating Regulation (EU) 2017/2402. These acts harmonise the previously highly fragmented securitisation law and create a specific framework for simple, transparent, and standardised (STS) securitisations. Securitisations generally serve as instruments for refinancing loans, exposures, or receivables by converting them into securities and making them available in tranches for investment purposes. They are instruments for diversifying funding sources. Funding sources are of great importance to the economy in general and especially in the wake of crises such as the current Covid-19 pandemic. This has prompted the EU to further specify the STS securitisation criteria and also to allow for the instrument of synthetic securitisation. An amendment of the regulation to this effect will enter into force in 2021.

## New Auditors Act

On 1 January 2021, the new Auditors Act (WPG) entered into force. The new WPG comprehensively revises the previous Auditors and Auditing Companies Act (WPRG) and at the same time implements the Statutory Audit Directive (2014/56/EU). Parliament had adopted the law already in December 2018. Its entry into force was linked to entry into force of a corresponding decision of the EEA Joint Committee. The FMA was mandated by the Government to draft the legislative proposal. In the reporting year, instructions were revised and the supervision processes were adjusted to the new requirements.

The WPG adjusts the qualitative requirements for statutory audits to international standards and harmonises rules governing the performance of statutory audits. The WPG was also reconciled with the Trustee Act in terms of content and structure. Essential core elements such as the provisions on trustworthiness and compliance with the licensing requirements, including the review thereof, were incorporated.

In addition, the EU Regulation on specific requirements regarding statutory audit of public-interest entities plays a particularly important role. This regulation sets out a separate set of rules containing more stringent requirements for the statutory audit of public-interest entities and for the appointment of statutory auditors. The regulation has direct effect in Liechtenstein and is thus an integral part of the WPG.

Overall, the WPG expands the FMA's prudential supervision of auditors and audit firms. The WPG also clarifies the requirements imposed on statutory auditors and makes them more predictable, and it ensures greater independence and impartiality of auditors in the performance of their duties when carrying out statutory audits. A further aim is to increase the credibility of audited annual reports and thus the reliability of the audit performance of the statutory auditors.

## Outlook

---

For 2021, the Portuguese Council Presidency of the EU announced the completion of work on the Basel framework, the continuation of work on the digital transformation of the financial sector, and the prioritisation of initiatives in the area of crypto-assets, the operational resilience of financial intermediaries, and payments.

At the end of 2020, the Government informed the financial centre associations of its intention to redesign the architecture and the hierarchy of norms of Liechtenstein banking and financial market law. In the medium term, prudential supervision rules are to be separated from rules governing conduct of business and market supervision.

Sustainable finance is very rapidly becoming more concrete due to the adoption and development of EEA-relevant acts of the European Union and various initiatives of the public and private sectors. The FMA has created an internal working group that accompanies and coordinates work on this topic of importance to the Liechtenstein financial centre.

In particular, sustainable finance is understood to mean forms of financial services in which financial intermediaries integrate sustainability criteria (i.e. ESG criteria: environmental, social, and governance) into their business or investment decisions. The aim is to achieve sustainable benefits for the customer, the environment, and society. Sustainable finance is the contribution of financial markets to transforming social, environmental, and economic factors for the benefit of the planet and human beings. Environmental and climate risks currently make up the largest part of these interlinked topics. In 2017, Liechtenstein endorsed the Paris Agreement on climate change, which replaced the Kyoto Protocol at the end of 2020.

---

*“We define  
minimum standards  
through regulation.”*

*Core principles of the FMA*

---



## Regulations of the FMA Liechtenstein

---

The following overview shows the regulations issued, amended, or comprehensively revised by the FMA in the reporting year.

### Guidelines

#### **FMA Guideline 2013/1**

Risk-based approach under due diligence law

#### **FMA Guideline 2013/2**

Due diligence inspections by mandated due diligence auditors and the FMA

#### **FMA Guideline 2019/2**

Audit guideline

### Communications

#### **FMA Communication 2020/1**

Obligations relating to delegation of responsibilities in the AIFMG and UCITSG

#### **FMA Communication 2020/2**

Valuation of assets in UCITS, AIFs, and investment undertakings

#### **FMA Communication 2020/3**

Dealing with conflicts of interest in the fiduciary sector

#### **FMA Communication 2017/3**

Communication on electronic reporting under due diligence law pursuant to Article 37b in conjunction with Article 37 of the Ordinance on Professional Due Diligence for the Prevention of Money Laundering, Organised Crime and Financing of Terrorism (SPV)

### **FMA Communication 2016/3**

Communication on application of the guidelines and recommendations issued by the EBA concerning electronic money institutions for which the FMA has reported compliance and which are applicable in this published form under point 4

### **FMA Communication 2016/4**

Communication on application of the guidelines and recommendations issued by the EBA concerning payment institutions and account information service providers for which the FMA has reported compliance and which are applicable in this published form under point 4

### **FMA Communication 2015/1**

Electronic transactions (e-Services)

### **FMA Communication 2015/4**

Communication on application of the guidelines and recommendations issued by the EBA concerning banks and investment firms for which the FMA has reported compliance and which are applicable in this published form under point 3

## Instructions

### **FMA Instruction 2020/1**

Registration as a service provider under the TVTG

### **FMA Instruction 2020/2**

Issuing information about the application of the Law on Tokens and TT Service Providers (TVTG) or another Act listed in Article 5(1) FMAG for clearly determined facts in connection with Trustworthy Technology

### **FMA Instruction 2020/3**

Reporting and notification requirements under the TVTG

### **FMA Instruction 2020/4**

Notification requirement for service providers wishing to carry out an activity subject to the exclusion for payment instruments that can be used only in a limited way (“limited network exclusion”)

### **FMA Instruction 2020/5**

Specifications for the calculation of general equalisation reserves for insurance and reinsurance captives

### **FMA Instruction 2020/6**

Requirements for outsourcing under the Insurance Supervision Act (VersAG)

### **FMA Instruction 2020/7**

Recognition of netting agreements

### **FMA Instruction 2020/8**

Explanation of the error messages in the validation of AIFMD reporting

### **FMA Instruction 2020/9**

Notification requirement for banks and investment firms with registered offices in the United Kingdom of Great Britain and Northern Ireland intending to provide services in Liechtenstein

### **FMA Instruction 2019/7**

Safeguards applicable to business relationships and transactions without personal contact pursuant to Article 14(1) of the Due Diligence Ordinance (SPV) (Instruction on safeguards under Article 14 SPV)

### **FMA Instruction 2018/7**

General and sector-specific interpretation of due diligence law

### **FMA Instruction 2018/16**

Implementing provisions for EMIR

### **FMA Instruction 2017/13**

Duty to report and approve articles of associations and regulations

### **FMA Instruction 2017/18**

Professional qualification and personal integrity of members of bodies and persons performing functions

### **FMA Instruction 2017/19**

Requirements for reporting transaction data

PROGRESS REPORT 2020

# EXTERNAL RELATIONS

Work meetings in Berlin

Annual media conference: Financial sector well prepared for recession

National cooperation

Bilateral cooperation

European cooperation

Global cooperation

Outlook

*The FMA maintains a wide range of national and international relations. International meetings could take place only to a limited extent due to the Covid-19 pandemic, however. Events were increasingly held in digital form as webinars. In September, the FMA leadership was invited to Berlin for work meetings.*

## Work meetings in Berlin

The Chairman of the Board of Directors, the CEO, and Ambassador Isabel Frommelt-Gottschald held work meetings in Berlin with members of the German Bundestag and representatives of the public and private sector.

Meetings were held with members of the Bundestag, high-ranking representatives of the federal ministries, the Federal Chancellery, and the private sector. The talks served to convey knowledge about and strengthen confidence in the Liechtenstein financial centre, and to address the interests of Liechtenstein and Liechtenstein financial intermediaries.

Germany is an important market for Liechtenstein's banks, insurers, asset managers, the fund centre, and the fiduciary sector. Through Liechtenstein's membership in the EEA, Liechtenstein's financial market participants have direct market access to Germany and its population of about 83 million.

The discussions focused on overcoming the economic impact of the Covid-19 pandemic and the contribution that the financial sector can make in this regard. Other topics were the digitalisation of the financial sector and regulatory issues. The future economic relations with the United Kingdom after its withdrawal from the European Union and the fight against money laundering were also discussed. Anti-money



*Mario Gassner, Roland Mueller, and Isabel Frommelt-Gottschald in Berlin*

laundering in Europe has been strengthened again most recently with the 5th EU Anti-Money Laundering Directive.

## Annual media conference: Financial sector well prepared for recession

The FMA held its traditional annual media conference on 16 April. The media conference was live-streamed due to Covid-19 restrictions. The impact of the pandemic also extended to the content of the annual media conference. Chairman of the Board of Directors Roland Mueller and CEO Mario Gassner informed the media representatives about the state of the financial sector in light of the impending

## EXTERNAL RELATIONS

FMA Annual Report 2020

recession and the measures taken at the FMA. To ease the operational burden on financial intermediaries, the FMA implemented a range of temporary facilitations in coordination with the European Supervisory Authorities, such as relating to on-site inspections and certain reporting obligations. To ensure ongoing assessment of the financial and risk situation, the FMA in turn also introduced supplemental reporting obligations.

Other topics presented in the media conference included the development of the individual sectors of the financial centre and increased supervision of the fiduciary sector, which became effective through the revised Trustee Act as of July.

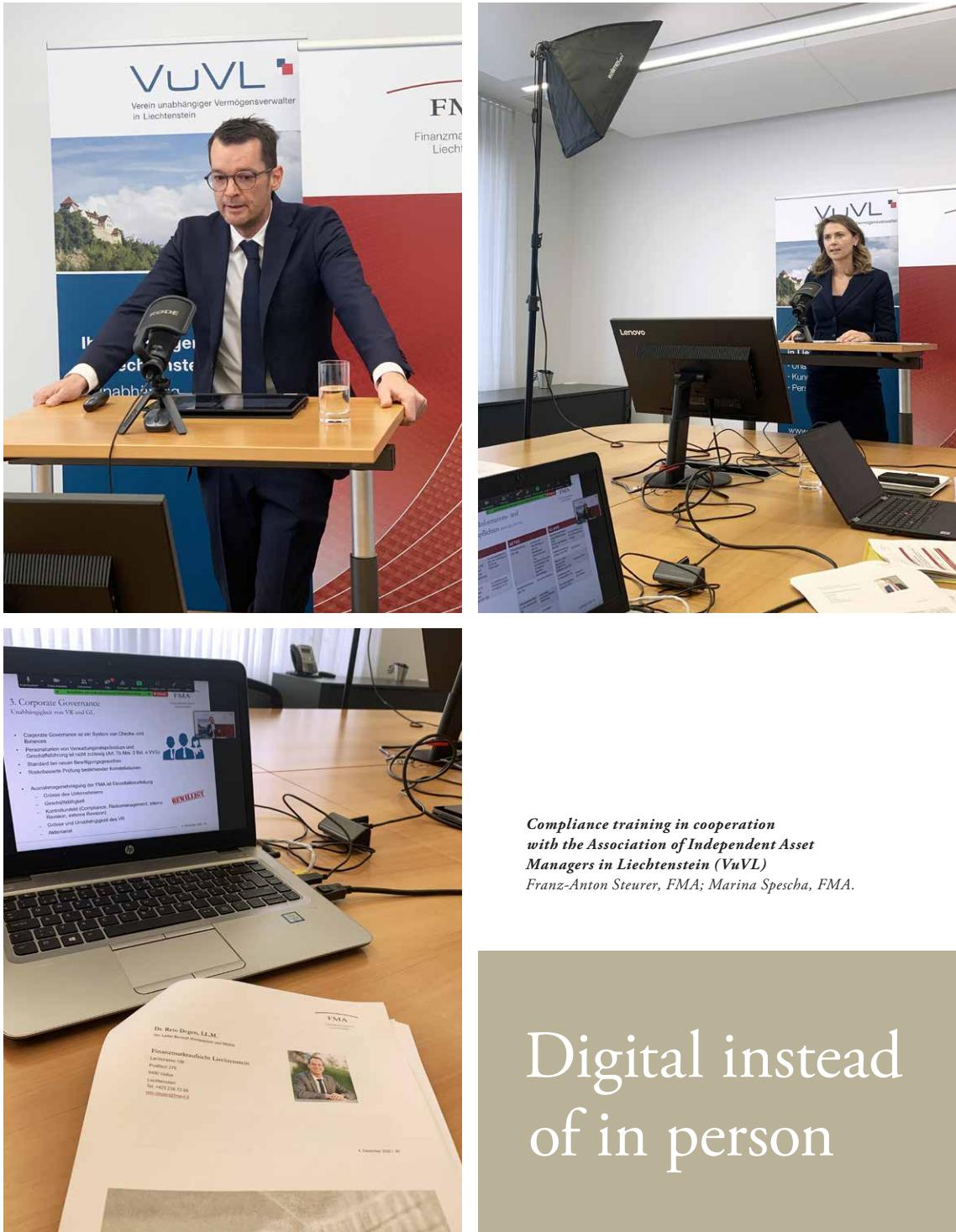
### National cooperation

The FMA maintains a regular exchange with representatives of the professional and industry associations. Major topics included the operational and financial impact of the Covid-19 pandemic, sector-specific regulations, and advancing digitalisation. FMA specialists gave presentations at various information events organised by associations during the reporting year. For the FMA, these are welcome opportunities to provide first-hand information to financial market participants on supervisory or regulatory issues. Some events had to be cancelled due to the Covid-19 pandemic. However, many were held in digital form as webinars. In December, the FMA organised two training sessions in cooperation with the Liechtenstein Investment Fund Association (LAFV) and the Association of Independent Asset Managers in Liechtenstein (VuVL). About 240 persons participated in the webinars. Relations with the

Government and public authorities arise from the FMA's supervisory activities, the preparation of regulatory projects on behalf of the Government, and the participation of the FMA in international supervisory bodies. The FMA makes an important contribution during the preparation and conduct of the country's rating discussions with Standard & Poor's.

### TRANSFER OF KNOWLEDGE AND INFORMATION

*The FMA strives to pass on its specialist knowledge to financial market participants and students and to create added value with this transfer. In the reporting year, five FMA employees gave 12 presentations at public events. Priorities included regulatory topics in banking as well as new financial technologies. Employees also gave presentations at the 8th Due Diligence Day, at workshops for auditors, and at information events of professional and industry associations. The FMA maintains close cooperation with the University of Liechtenstein and passes on knowledge to university students and professionals in continuing training programmes. For this purpose, the FMA mainly teaches as part of master's, bachelor's, diploma, and certificate programmes at the Institute for Finance at the University of Liechtenstein. Eight FMA employees taught a total of 21 lessons. The FMA is especially involved in the Compliance Officer certificate programme.*



*Compliance training in cooperation  
with the Association of Independent Asset  
Managers in Liechtenstein (VuVL)  
Franz-Anton Steurer, FMA; Marina Spescha, FMA.*

## EXTERNAL RELATIONS

FMA Annual Report 2020

### Bilateral cooperation

Bilateral cooperation with foreign partner authorities plays an important role in supervisory activities. Banks and insurance groups engaged in cross-border business must be considered and assessed as a whole for supervision purposes. As part of group supervision, Banking Supervision and Insurance Supervision participated in numerous colleges with national supervisory authorities. As the responsible group supervisor of Liechtenstein banking groups, Banking Supervision has also organised supervisory colleges. In 2020, the colleges were increasingly held in the form of conference calls or video conferences. Several supervisory cases also required cooperation with partner authorities. Due to the close linkages with the Swiss financial centre, there is a close and regular exchange with the Swiss Financial Market Supervisory Authority (FINMA). The traditional meeting of the heads of the German-speaking supervisory authorities could not take place in 2020 due to the Covid-19 pandemic.

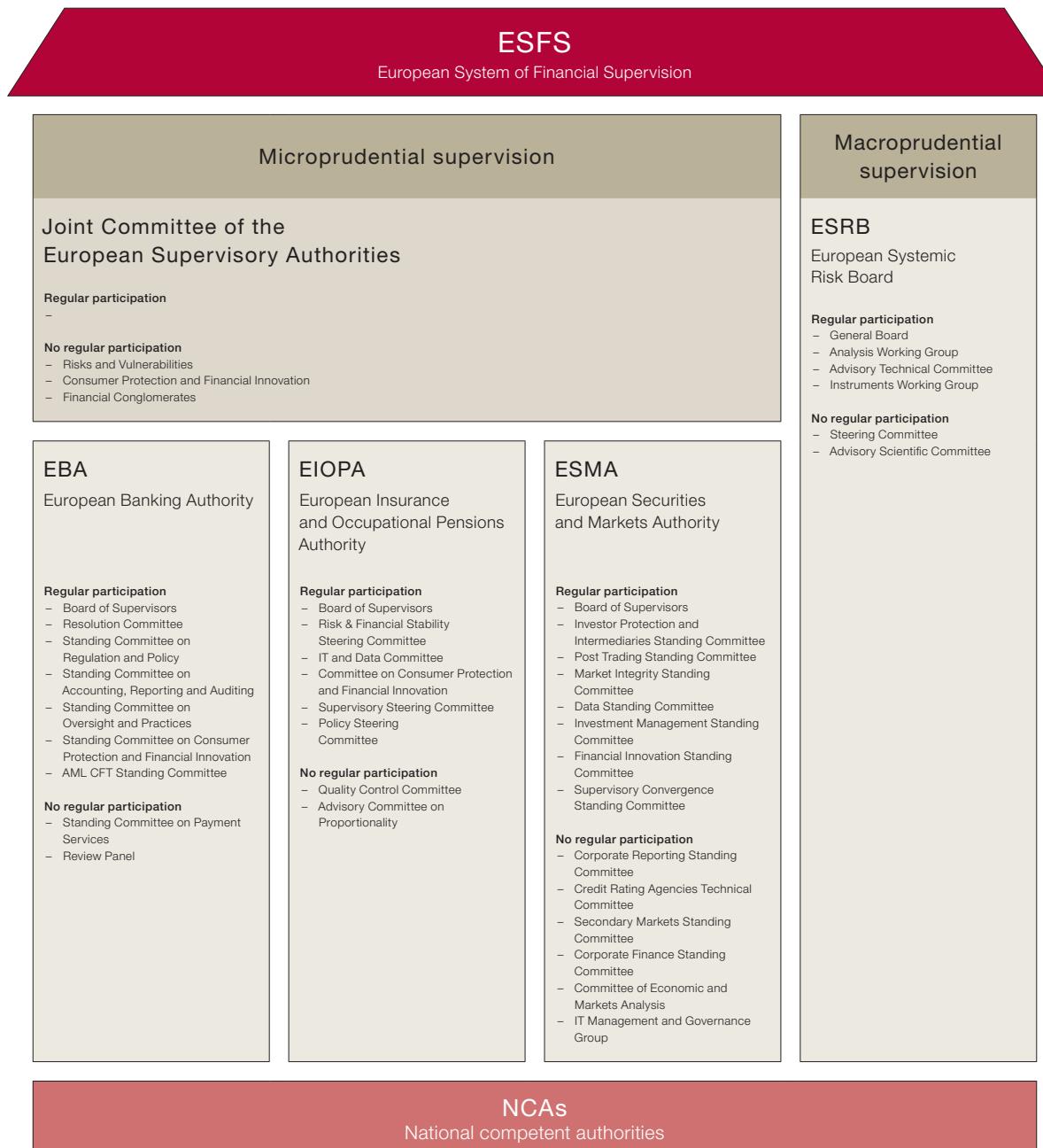
### European cooperation

The FMA is a member of the European supervisory authorities (ESAs) and participates in numerous ESA committees and working groups relevant to the Liechtenstein financial centre. In AML/CFT, the FMA is represented in the Expert Group on Money Laundering and Terrorist Financing (EGMLTF) and the competent bodies of the ESAs. Macroprudential supervision is coordinated at the European level by the European Systemic Risk Board (ESRB), of which Liechtenstein is a member. Representatives of the FMA regularly take part in the meetings of the ESRB General Board, the Advisory Technical Committee (ATC), and the Analysis Working Group (AWG). The ESRB has appointed Martin Gaechter, Head of Financial Stability/Macroprudential Supervision at the FMA, as a new member of the ESRB Editorial Board for three years.

The European Supervisory Authorities (ESAs) ensure consistent and equivalent implementation and application of the regulatory framework for financial market supervision throughout Europe. Peer reviews are conducted to assess the supervisory practice of the national supervisory authorities. In the reporting

Authority	Peer review	Result
EIOPA	Peer review on implementation of the decision of the Board of Supervisors on the collaboration of the insurance supervisory authorities of the EEA Member States.	Not completed by end of 2020.

**Table 6**  
Peer reviews



**Figure 6**  
Cooperation within the European System of Financial Supervision

## EXTERNAL RELATIONS

FMA Annual Report 2020

year, the FMA was involved in one peer review. The FMA also received 90 questionnaires from the ESAs (previous year: 62). One of the aims of these questionnaires is to examine supervisory practice. They also serve to gather information about new risks and trends, to harmonise supervisory practice in the EEA countries, and to serve as a basis for regulation.

---

### ENGAGING IN DIALOGUE

*"We engage in dialogue" is one of the core principles of the FMA. The FMA is an approachable authority and is available to its clients in a timely manner. 614 meetings with external clients were held during the reporting year in the FMA's modern and welcoming client zone, always in compliance with safety measures due to the Covid-19 pandemic. In 2019, 1233 sessions were held. A large proportion of meetings with clients were held by video conference. One meeting room is equipped with a modern videoconferencing system. The FMA will continue to make increased use of videoconferencing in future.*

---

### Global cooperation

---

The FMA is a member of the most important international supervisory bodies, where it represents Liechtenstein interests. These include the International Association of Insurance Supervisors (IAIS), the International Organisation of Pension Supervisors (IOPS), and the International Organization of Securities Commissions (IOSCO). The meetings of these bodies likewise primarily took place digitally in 2020.

Liechtenstein is also a member of MONEYVAL, the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism. MONEYVAL is one of the nine FATF-style regional bodies (FSRBs) of the standard-setting Financial Action Task Force (FATF). The regional bodies must likewise fully implement the FATF standard. Like the FATF, the regional bodies also carry out peer reviews of their member countries. The MONEYVAL assessment of Liechtenstein will take place in 2021.

---

### Outlook

---

Exchanges at the national and international level are changing due to the impact of the Covid-19 pandemic. At the national level, the FMA cultivates relationships with representatives of the professional and industry associations and provides information on its supervisory activities at events organised by the associations. In future, these events will increasingly take place in the form of webinars. At the international level, the FMA is represented in various bodies and cultivates exchanges with international organisations. The FMA expects that this dialogue will increasingly be continued through digital channels even after the pandemic.

Work meetings are planned in Switzerland in 2021. By cultivating relationships and engaging in exchanges at a high level, the FMA aims to promote knowledge about the Liechtenstein financial centre among important decision-makers and to strengthen confidence in the financial centre.



PROGRESS REPORT 2020

# ENTER- PRISE

Coping with the Covid-19 pandemic

Digitalisation increases efficiency and effectiveness

Information technologies

Corporate governance

Governance, risk & compliance

FMA funding

Outlook

Organisational chart

Governing bodies

*A high level of digital maturity enabled the FMA to cope well with the operational challenges due to the Covid-19 pandemic, to maintain business operations without restrictions at all times, and to ensure safety and security. The FMA has invested heavily in digitalisation in recent years. This also benefits financial intermediaries in the form of greater efficiency in the FMA's performance of its supervisory responsibilities. In addition to the website, social media channels have become firmly established in corporate communication. This allows the FMA to address its stakeholders in a targeted manner.*

## Coping with the Covid-19 pandemic

---

The Covid-19 pandemic put the FMA's digital maturity to the test. Investments made in digitalisation over the past years paid off especially well.

At the end of 2019, China officially notified the World Health Organization (WHO) of cases of a lung disease caused by a novel coronavirus. The WHO declared the globally spreading coronavirus disease a public health emergency of international concern at the end of January. In mid-February 2020, the Liechtenstein Government officially set up a crisis team and, at the end of that month, the Swiss Federal Office of Public Health launched the first information campaign with behavioural and hygiene rules. In mid-March, the Liechtenstein Government ordered massive restrictions in the public and economic sphere.

The FMA Executive Board appointed its Safety and Security Committee as a crisis team at an early stage and was thus prepared for the massive restrictions. Starting in mid-March, most FMA employees began working from home. The goals of all measures were to protect the health of employees and their families and to maintain the operations of the FMA. The FMA was able to fully implement the orders and

recommendations of the Government. After easing of the restrictions in the summer, measures were tightened again starting in mid-October in line with the official measures.

Work from home and the strict rules of behaviour and hygiene in the premises of the FMA ensured the protection of employees. During the phases of severe restrictions, between 80% and 90% of FMA employees worked from home, and work on site had to be justified. Employees with care responsibilities that could not be delegated were given time off work. This measure was intended in particular to prevent grandparents from having to care for their grandchildren. The business operations of the FMA and fulfilment of its official mandate were guaranteed at all times, and the FMA remained available to financial intermediaries as usual.

The FMA's successful handling of the Covid-19 pandemic is in part due to the organisation's digital maturity. Investments in digitalisation over the past ten years have paid off especially in this situation. Alongside the digital maturity of internal processes and supervisory processes thanks to specialised IT applications, the FMA benefited from having allowed employees to work from home for five years already. This ensured safety and security at all times on the basis of a reliable and secure IT infrastructure.

During the pandemic, the FMA was also able to count on professional and rapid support from the National Administration's Office of Information Technology.

#### CONNECTING THROUGH SPORT

*Special circumstances require special approaches. The year 2020 was special in that so many employees were working from home – and so was the idea of a fitness and yoga course via video conference. By FMA employees for FMA employees. Yoga sessions and a power workout were offered once a week. At a time when personal contact was lacking, the FMA provided connection for its employees.*

Additionally, the FMA has a very high standard of risk management. Especially important were the Safety and Security Committee and the associated preparation for crisis situations. Finally, the positive attitude of FMA employees in this exceptional situation was a key to successfully coping with the Covid-19 pandemic. In the context of the digital strategy, the FMA's cultural change in recent years towards increasingly digital work also took on an important role. In the employees survey conducted during the reporting year, the FMA's handling of the Covid-19 pandemic was rated as very good with 94 out of 100 points.

#### Digitalisation increases efficiency and effectiveness

The regulatory wave following the financial crisis and digitalisation have greatly changed supervisory activities and the FMA as an organisation over the past ten years. Digitalisation has proven to be an instrument for the FMA to be able to manage the more extensive and complex tasks with limited personnel resources and to ensure efficient and effective risk-based supervision.

#### FROM 68 TO 275 ARTICLES

*Due to Liechtenstein's membership in the EEA and the associated incorporation of EU financial market regulation, regulatory density and complexity is as high as in EU countries. In 2005, the FMA was responsible for 19 laws – a number which rose to 36 by 2020, with four times the number of pages. The revised Insurance Supervision Act grew from 68 to 275 articles. The complexity of the legal requirements for financial intermediaries and the supervisory authority as well as the reporting data to be analysed by the FMA also increased with the scope of these regulations.*

The cornerstone of the FMA's digital transformation was laid with the adoption of a comprehensive IT strategy in 2010. The goal was to build up a modern, secure, and expandable IT infrastructure that would ensure efficient and secure communication with the financial sector. Subsequently, the focus shifted to increasing efficiency and effectiveness through the digitalisation of internal business and supervisory processes.

Internal business processes such as incoming mail and invoice control were digitised; increasingly powerful, specially developed IT applications were incorporated into supervision; CRM and DMS systems were introduced; and a modern internal communication and collaboration platform changed the way employees exchange information and work together. Looking at the timeline, more than 30 relevant digitalisation steps have taken place since 2010. The FMA's high level of digital maturity was the prerequisite for being able to maintain business operations at the FMA at all times during the Covid-19 pandemic, even when working from home, and for ensuring the safety of employees.

To illustrate the benefits of digitalisation, several applications are presented below:

*e-Service:* The FMA's investments in digitalisation are also intended to benefit financial intermediaries. The FMA offers electronic services to financial intermediaries with its e-Service platform, analogous to e-banking. The e-Service Portal is the central entry point for financial intermediaries to transmit reporting data. Exchange of information between the financial intermediaries and the FMA takes place securely and efficiently via this online channel. Further information on the e-Service platform can be found on the [thematic page](#).

*Due diligence inspections:* Financial intermediaries are periodically audited for compliance with due diligence obligations to combat money laundering and terrorist financing. The FMA carries out these risk-based inspections itself or mandates auditors to do so. The higher the classification of a financial intermediary with regard to possible vulnerabilities and threats, the more detailed and extensive are the FMA's audit specifications. The audit process – from

planning to evaluation of the results – is supported by specialised IT applications. The results of the audit flow back into the next audit process. Interfaces ensure automated transfer of data between the applications.

*Transaction monitoring:* The FMA processed and analysed about 10 million reports of transactions in financial instruments in 2020. The purpose is to combat insider dealing and market manipulation. Special IT applications ensure that monitoring is largely automated on the basis of stored parameters and that specialists can focus on clarifying any suspicious cases that have been identified. The IT solution also ensures that the financial intermediaries can report the data to the FMA efficiently and securely. Further information on transaction monitoring can be found on the [thematic page](#).

*Dashboards:* The use of dashboards has proven to substantially improve efficiency and effectiveness. A dashboard is a graphical user interface based on the visualisation of data from information or data management. In certain application cases, verifications that used to take several days of employee time can now be carried out within seconds. Such a dashboard is used in the supervision of asset management companies. It allows the supervisor to gather the relevant information on an asset management company or the entire asset management sector at a glance. Using special business intelligence software, data from about ten different sources and formats are aggregated, such as data from the reporting obligations of the companies to the FMA or the reporting system. Viewed in isolation, this data is not very meaningful. Once the data is sorted, linked, and visualised on the dashboard, however, the resulting information makes effective, risk-based supervision possible. The dashboard also greatly increases efficiency, given that

the time-consuming manual compilation of data as well as validation and plausibility checks are largely eliminated and the report evaluation is partially automated. A dashboard solution is also used in the supervision of insurance companies to inspect quarterly and annual reports according to the Solvency II supervisory regime.

*Online licensing tool:* Another goal is for financial intermediaries and the FMA to be able to handle licensing processes as efficiently as possible. At the same time as entry into force of the new Insurance Distribution Act, an online licensing tool was made available. It enables the applicant to enter the licence application online and upload and submit documents. The applicant is guided through the process in a targeted manner in accordance with the information provided. This also makes licensing processes and amendments to licences more efficient for financial intermediaries and the FMA.

*Tax calculation tool:* The FMA levies annual supervisory taxes on the supervised financial intermediaries. The calculation of the supervisory tax varies depending on the category of financial intermediary and on various other factors and variables such as the size of the undertaking or the amount of assets under management. Given this complexity, a tax calculation tool (ABT) was developed already several years ago to automate the tax calculations. Meanwhile, the entire process has been digitised on the

basis of ABT. Reporting data received via the e-Service platform are automatically transferred to ABT as the basis for calculating the tax. The ABT then performs the calculation, followed by verification and release processes. Finally, the tool creates the invoice authorisation at the click of a button and transmits the order for invoicing to the FMA's central digital accounting system. Thanks to end-to-end digitisation, several media discontinuities have been eliminated and the entire process has been made more efficient.

*Scanning of incoming mail:* For three years already, the FMA's physical incoming mail has been digitised using a scanning solution. With special software, documents are provided with metadata and assigned to the relevant offices or persons. This rapid digital availability of incoming documents creates more efficient, flexible, and location-independent work processes, which was particularly important when working from home during the Covid-19 pandemic. The scanning solution also ensures the link to the document management system (DMS) and customer relationship management (CRM). The ultimate goal is to maintain the file electronically. With the introduction of electronic signing of official documents, a persisting media discontinuity will be eliminated.

## Information technologies

Continuation of the FMA's digital transformation was an important priority in 2020. The basis for the FMA's digitalisation is its digital strategy adopted in 2018. This serves as a planning and steering basis, defining projects with a time horizon until 2022. The strategy covers ongoing digitalisation of the financial markets and the associated demands on supervisory activities, digital interaction with financial intermediaries and European Supervisory Authorities (ESAs), and digitalisation of internal FMA processes.

Supervision has to cope with increasingly large volumes of data due to the comprehensive and complex regulations. Handling this data is a challenge. Only a solid data basis makes further optimisation of supervisory activities possible. Large volumes of data also make manual processing increasingly difficult, even with machine support. Due to these high quantitative and qualitative demands on the procurement, management, and processing of data, a comprehensive data strategy was adopted in the reporting year. This strategy aims to create the basis for comprehensive data management, taking into account future requirements and developments. The data strategy is intended to provide the FMA with the technical and organisational tools to carry out data-driven supervision efficiently and in high quality. The data volumes to be processed must be expected to continue to increase strongly in future. As part of its data strategy, the FMA therefore also examined the use of artificial intelligence (AI) to process the large volumes of data arising through supervisory activities.

In 2020, the FMA introduced a new, complex taxonomy format for reporting by insurance undertakings for the first time at national level. The statutory quarterly reporting for insurance undertakings is transmitted in the new format to the FMA via the e-Service Portal. The taxonomy format increases efficiency through improvement of the data quality and more extensive evaluation options. To support financial intermediaries subject to the reporting requirements which do not have the option of generating reports in the new format, the possibility was also created to submit an Excel template, which is then automatically converted to the new format and processed.

The FMA's e-Service Portal has also been expanded to include additional reports, such as the reporting obligations for money market fund managers. Data can also increasingly be made available to the ESAs automatically via the portal once it has been validated. In 2020, the FMA created additional encrypted interfaces and transmission channels to forward the data to the ESAs. Finally, the eID of the Liechtenstein National Administration was integrated into the e-Service Portal for identification of the financial intermediaries.

# e-Service Portal: Efficiency gains for FMA and intermediaries

*The FMA's e-Service Portal went online in July 2015. It serves as a central point of entry for various electronic services offered by the FMA for financial intermediaries.*

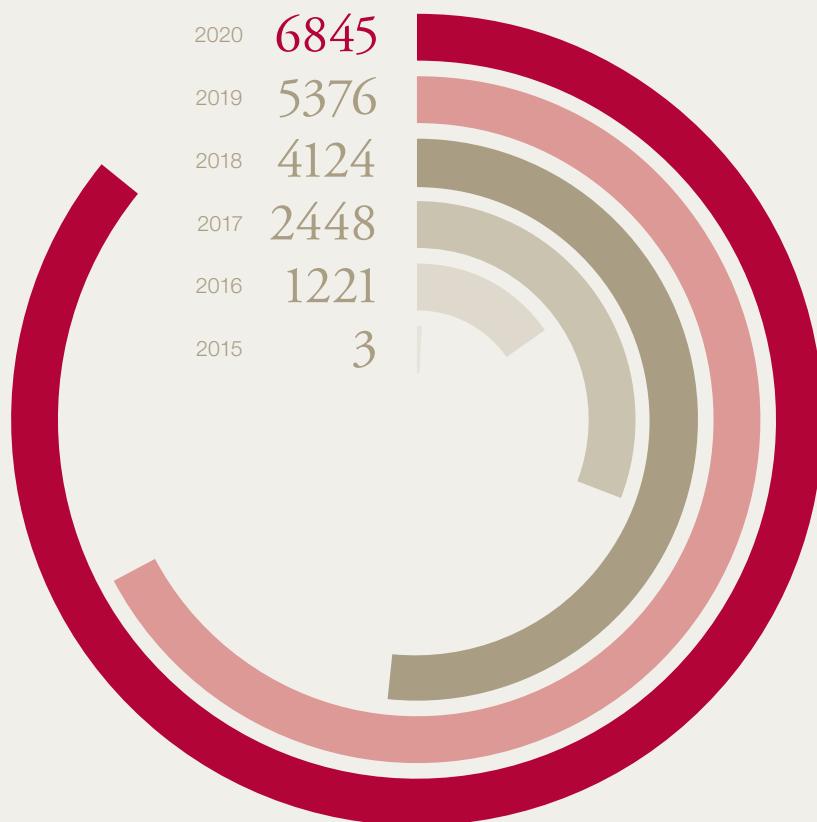
*In particular, the reporting obligations to the FMA can be met efficiently and securely using the e-Service Portal. The e-Service Portal has been steadily expanded since 2015. Intermediaries from all sectors are now able to conveniently submit a wide range of reports electronically. All that they need to do so is an eID from the Liechtenstein National Administration. 1081 persons have meanwhile registered as notifying entities for the portal.*

---

## Reporting

A large proportion of the incoming data on the e-Service Portal is generated by the reporting system. Financial intermediaries are required to provide the FMA with the data necessary to evaluate the company and its risks. On the basis of these reports, the FMA verifies compliance with regulatory requirements and monitors the business development of the financial intermediaries.

Reporting via the e-Service Portal



In 2020, the FMA received about 7000 reports via the e-Service Portal. The year the portal was launched, there were only three such reports. The portal greatly reduces the burden on intermediaries – but also on the FMA – thanks to the improved efficiency.

The plan is to continue expending the e-Service Portal on an ongoing basis. The goal is to link the electronic processes of financial intermediaries more comprehensively to the FMA, including for licences, changes, and other notifications.

## Corporate governance

### Declaration on compliance with the Recommendations on the Governance and Control of Public Enterprises in Liechtenstein

The Board of Directors and the Executive Board of the FMA Liechtenstein confirm that the Recommendations on the Governance and Control of Public Enterprises in Liechtenstein, in the version of July 2012, have been complied with without exception.

## Governance, risk & compliance

The FMA has a governance, risk & compliance (GRC) system for the purpose of quality assurance and to prevent damage to its reputation, cases of official liability, or organisational failures. The integral approach of the GRC system includes aspects such as risk management and the internal control system, information security, compliance, personal security, data protection, and operational and occupational safety. In October, the GRC annual report was taken note of for the attention of the Executive Board and the Board of Directors.

The Covid-19 pandemic placed extraordinary demands on the Safety and Security Committee. This internal body made its first assessment of the situation arising from the Sars-CoV-2 virus in February. The first measures were taken at the end of February, and the Safety and Security Committee was activated as a crisis team. The Safety and Security Committee assessed the situation on an ongoing basis and, pursuant to the recommendations of the competent authorities, tightened or eased measures upon approval by the Executive Board. It held 48 meetings between February and December.

The Safety and Security Committee is responsible for maintaining and updating an efficient safety organisation, both for normal operations and for emergencies and crises. The Safety and Security Committee is headed by Martin Schaedler, Head of Central Services and Member of the Executive Board. All security-relevant functions are staffed with the relevant specialists, such as the Information Security Officer, the Operational and Occupational Safety Officer, the Data Protection Officer, and the Communications Officer.

## FMA funding

The FMA is funded by a contribution from the State, supervisory taxes and fees, and income from the provision of services.

In October 2019, the Liechtenstein Parliament passed the proposal on amendment of the Financial Market Authority Act (FMAG), defining the State contribution for the years 2020 to 2023. The amendments entered into force on 1 January 2020. The Principality of Liechtenstein will continue to contribute a maximum annual amount of CHF 5 million to FMA funding for the years 2020 to 2023. The existing funding system was retained in principle. The rules governing the maximum reserve amount were changed. The maximum reserve amount will be gradually reduced from 50% to 25% of the average ordinary expenses of the FMA over the past three

years according to the financial statement. The reserves amounted to CHF 9.62 million at the end of 2020.

## Outlook

---

The FMA adopted a data strategy in the reporting year. Its implementation will create the basis for comprehensive data management and further increase the efficiency and quality of supervision. In parallel to the data strategy, implementation of the digital strategy is being advanced with a focus on the automation of processes.

Because of the Covid-19 pandemic, the operational situation in the reporting year was characterised by a very high proportion of employees working from home. The FMA expects that this form of work will continue to meet with strong demand even after the pandemic is over and that digital mobility will establish itself as an important factor in the FMA's attractiveness as an employer. The FMA is therefore preparing a work and mobility concept that takes account of expected future forms of work. This preparation is also looking at how the available office space of the FMA can be optimally designed and used in future.

The revised E-Government Act (E-GovG), which entered into force at the beginning of January 2021, directly affects the FMA. The obligation to communicate electronically means that processes must be adjusted so that all communication with external persons can in principle take place electronically. At the same time, adjustment of internal processes to the new E-GovG rules will be used as an opportunity to further increase the degree of digitalisation of the FMA's process landscape.

---

## MORE SUSTAINABILITY AT THE FMA

*The FMA attaches the utmost importance to treating the environment as gently and sustainably as possible. A range of projects contribute to reducing the FMA's environmental footprint. The office building meets the high [Minergie standard](#) and has very low energy consumption. Since 2020, the FMA has also been obtaining 100% of its electricity from sustainable sources. The FMA's switch to the [LiStrom alpin](#) product ensures that its power supply is from Alpine hydropower. In 2020, the FMA's partnership with [Waterfootprint Liechtenstein](#) was also extended. With this initiative, the FMA not only supports drinking water projects in developing countries, but also saves more than 2 dl of petroleum per litre of drinking water consumed thanks to the improved energy balance.*

---

## Organisational chart of the FMA as of 31 December 2020

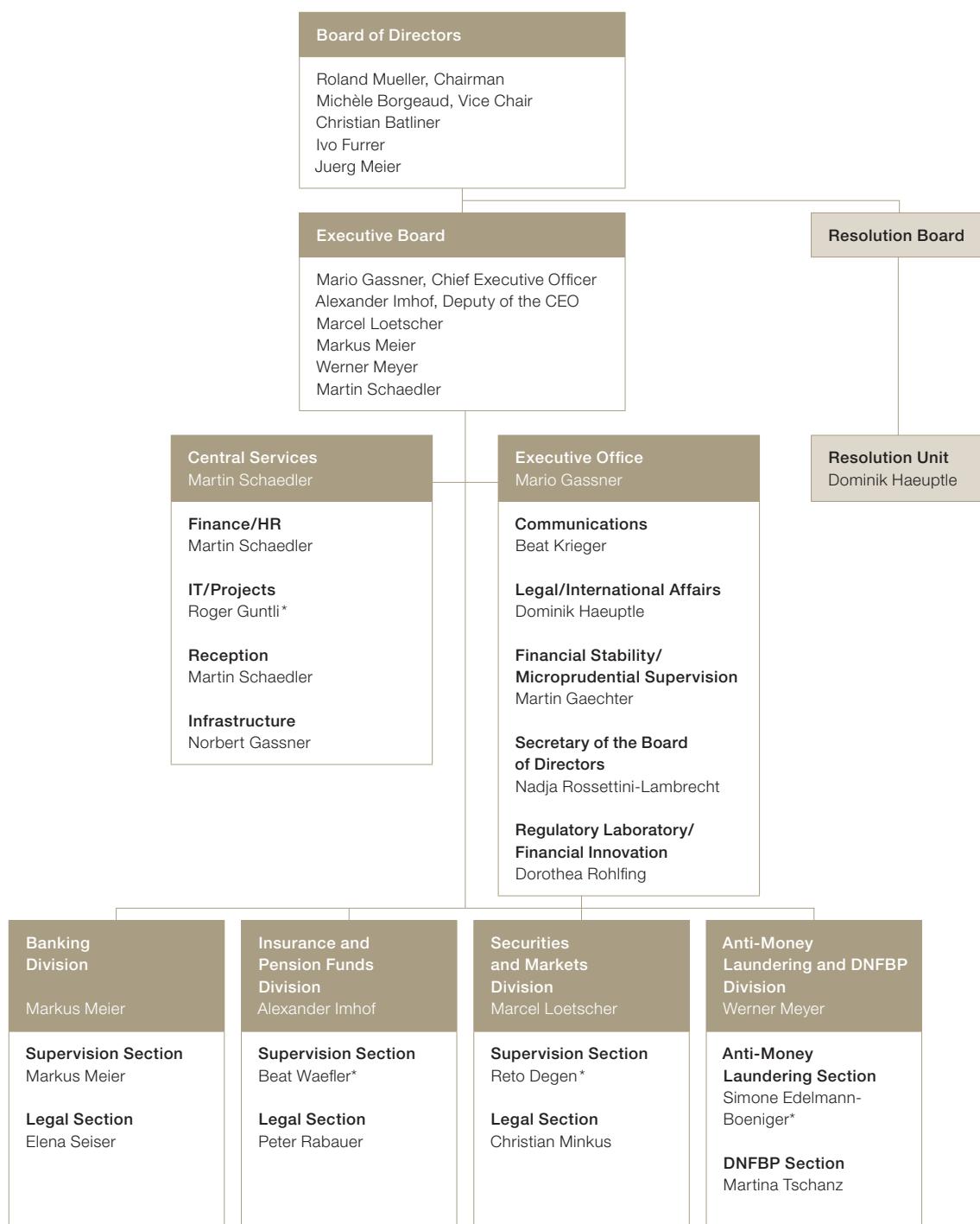


Figure 7 Organisational chart

\* Deputy Head of Division or Unit

## Governing bodies of the FMA as of 31 December 2020

Pursuant to Article 6 of the FMA Act, the governing bodies of the FMA are:

- a) the Board of Directors,
- b) the Executive Board,
- c) the Audit Office.

Board of Directors	
<b>Chairman</b> Roland Mueller, Staad (Switzerland), elected from 2010 to 2016 (Vice Chairman), from 2017 to 2019 and from 2020 to 2021	<b>Members</b> Ivo Furrer, Zurich (Switzerland), elected from July 2011 to June 2016 and from July 2016 to June 2021 Juerg Meier, Eschen, elected from 2016 to 2020 and 2021 to 2025 Christian Battliner, Triesen, elected from 2020 to 2024
<b>Vice Chair</b> Michèle Borgeaud, Altendorf (Switzerland), elected from 2017 to 2021	

Executive Board	
<b>Chief Executive Officer</b> Mario Gassner, Triesenberg	<b>Head of Banking Division</b> Markus Meier, Buchs (CH)
<b>Deputy of the CEO and Head of Insurance and Pension Funds Division</b> Alexander Imhof, Vaduz	<b>Head of Securities and Markets Division</b> Marcel Loetscher, Baden (CH)
	<b>Head of Anti-Money Laundering and DNFBP Division</b> Werner Meyer, Wettswil (CH)
	<b>Head of Central Services</b> Martin Schaedler, Triesenberg

Audit Office
Applying Article 19(4) of the Financial Market Authority Act (FMAG), the Government transferred the function of Audit Office to the National Audit Office by its decision of 2 March 2010 (RA 2010/463). The responsibilities of the Audit Office are in principle governed by the specific provisions relating to the National Audit Office. The National Audit Office performs this function until the Government decides otherwise.

*Figure 8  
Governing bodies*

# #fmainsights

*The career website and the social media channels Instagram, LinkedIn, Xing, and kununu form the basis for a targeted approach to recruiting professionals. The FMA uses the platforms to provide insights into the life and work of the FMA and make the supervisory authority more tangible.*

---



## Twitter

*790 followers*

---

Alongside the FMA website, Twitter has established itself as a regular communication channel. News published on the website is also shared on Twitter. This gives readers the choice of how they want to receive news. Tweets can be commented on or shared.



## kununu

*27 ratings*

---

kununu is a platform run by Xing where employees can anonymously rate their company. This gives potential applicants inside information about the company. Each rating is commented on by the HR officer.



## Instagram

*472 followers*

Since 2017, Instagram has been part of the innovative employer presence used by the FMA to draw attention to itself as an attractive employer. The posts are automatically and synchronously integrated into the career website.



## LinkedIn

*2370 followers*

The FMA uses LinkedIn to position itself in the labour market and to recruit employees. In addition to image and text content, the video series “Three messages – three faces” was launched in the autumn, in which employees talk about their work at the FMA.



## Xing

*72 followers*

Xing is used alongside LinkedIn as a second recruitment platform and is updated with new posts on an ongoing basis. The two channels make it possible to reach potential employees in a targeted and cost-effective way.

# PROGRESS REPORT 2020

# TEAM

Implementation of the human resources and gender diversity strategy

FMA receives Swiss Arbeitgeber Award (Swiss Employer Award)

Training opportunities expanded and digitalised

FMA receives award for employer presence

Development of the workforce

Educational background and nationalities

Changes and promotions

Training@FMA: professional training, trainee programme, internships, and secondments

Outlook

*The FMA has received the Swiss Arbeitgeber Award (Swiss Employer Award), on the basis of evaluations by its employees. In light of the Covid-19 pandemic, the FMA's employees had to cope with an extraordinary situation, working and communicating on digital channels. In the spring, the FMA launched its Career Travel Blog. This blog provides insights into the fascinating life and work of the supervisory authority. With the implementation of its human resources and gender diversity strategy, the FMA aims to be an attractive employer for all employees and to ensure work-life balance.*

## Implementation of human resources and gender diversity strategy

The FMA has a comprehensive human resources strategy to optimise its attractiveness as an employer and to be competitive in the highly contested market for specialists. The human resources strategy was supplemented in 2018 with a gender diversity strategy.

The human resources strategy provides for regular review of the success of its measures. For this purpose, the FMA took part in the Swiss Arbeitgeber Award (Swiss Employer Award) benchmark study in 2017. This employee survey was conducted again in 2020 with a very good result, and the FMA was recognised with the Swiss Arbeitgeber Award.

The FMA is an attractive employer with a very high level of employee satisfaction. The aim is to make this visible and tangible in the labour market through targeted personnel marketing measures. In the reporting year, the FMA intensified its activities on the social media channels Instagram, LinkedIn, and Xing and on its career website, and it launched the [FMA Career Travel Blog](#) in March. The FMA also published its first [Jobcast](#) in December, in which Head of Human Resources Martin Schaedler takes interested visitors on an acoustic "Tour de FMA".

Given the rapidly advancing digital transformation, the FMA is in particular promoting the digital competences of its employees. The FMA is increasingly relying on e-learning in this regard.

The gender diversity strategy adopted in 2018 aims in particular to increase the proportion of women in the management team. As a target, a proportion of 20% women in management positions has been defined by the end of 2021. At the end of 2020, the proportion of women in management positions was 22%, up from 21% in 2019 and 15% in 2018. The proportion of women overall at the FMA rose slightly from 44% to 45%.

The working conditions at the FMA are to be designed in such a way that compatibility of family and career is guaranteed for all employees, regardless of level in the hierarchy and function. This means that part-time work options for leadership and project manager positions are also provided. In total, 24 FMA employees work part-time.

Comparisons with other companies are very important for determining where the FMA stands. For this purpose, the FMA participated in the St.Gallen Diversity Benchmarking of the Competence Centre for Diversity & Inclusion at the University of St. Gallen for the first time in the reporting year. Dimensions such as gender diversity and generational

diversity were examined. The evaluation showed that the gender diversity strategy is a useful way to achieve the defined goals. Compared with companies in the financial sector, the FMA has a lower average age of its employees.

## FMA receives Swiss Arbeitgeber Award (Swiss Employer Award)

In November, the FMA received the Swiss Arbeitgeber Award (Swiss Employer Award) 2020. The FMA won second place in the category of medium-sized companies with 100 to 249 employees. The award is presented to 15 companies in this category in Switzerland and Liechtenstein.

The Swiss Arbeitgeber Award is based on a standardised employee survey conducted anonymously by icommit. 92% of FMA employees – an extraordinarily high percentage – took part in the survey. Partners of the Swiss Arbeitgeber Award include the Swiss Employers Confederation and HR Swiss – Swiss Society for Human Resources Management. This award has been presented for 20 years to the best employers in Switzerland and Liechtenstein.

---

*High degree of satisfaction among employees.*

---

The largest benchmarking initiative in Switzerland and Liechtenstein relies on a very high professional standard, renowned companies participate, and the result is determined by the best experts of all: the employees of the companies themselves. The goals for the FMA are to measure employee satisfaction and to compare it with other companies in the financial services sector, with which the supervisory authority competes in personnel recruitment.

The FMA is very pleased with the result, which lends itself to the conclusion that employees enjoy working at the FMA and are satisfied. This is very important for the successful performance of the FMA's mandate. The excellent result is also evidence that the FMA is on the right track with its human resources strategy adopted in 2015 and that the FMA is perceived as an attractive employer. Alongside the strengths, however, the survey also revealed weaknesses that still exist as well as unused potential. The FMA is using the results as a basis for further improvement.

## Training opportunities expanded and digitalised

The FMA promotes the professional qualifications of its employees with a broad internal training programme and targeted continuing training. With the ongoing digitalisation of the FMA as an enterprise and of the financial sector, the FMA places a special focus on the digital competences of its employees. The development of digital knowledge is a key field of action in the digital strategy. In the reporting year, the new learning platform LinkedIn Learning was introduced. The online platform offers courses on a wide range of topics, including software courses,

courses on financial topics, and personal development. Supervisors can assign courses to their employees in a targeted manner and promote their development in a specific area.

LinkedIn Learning was originally scheduled to be introduced at the FMA the third quarter. Due to the changed situation as a result of the Covid-19 pandemic, the platform was introduced earlier than planned. The online platform was made available to employees already in April. In doing so, the FMA also responded to the fact that traditional on-site training either had to be conducted online or in some cases cancelled. Thanks to the platform, the FMA was able to offer its employees an alternative at short notice.

In future, the FMA plans to make its own learning content available on LinkedIn Learning and to supplement or replace on-site training with digital courses. In this way, the FMA is taking account of increasing digitalisation and at the same time is enhancing effectiveness and efficiency, given that training programmes can be retrieved and repeated at will once they have been made available. At the end of 2020, the FMA began to implement its first own courses for LinkedIn Learning.

Not only in the area of digital competences does the FMA attach great importance to the training of its employees. In addition to various basic introductions for new employees, the FMA also offers a wide range of internal training courses for employees who have worked at the FMA for years. This is in particular in the interest of internal transfer of knowledge and the cross-divisional exchange of professional competences.



#### ADVENT, ADVENT – 24 SURPRISES

*The traditional Christmas party, always surprising and festive, had to be cancelled due to the pandemic. This was an incentive for the event team to come up with a worthy replacement. At the end of November, FMA employees received a special Advent calendar delivered to their home office, namely a wooden box with stylish packaging and 24 gifts the team had selected itself. The contents were as surprising as the packaging was beautiful: regional products and delicacies from local suppliers, from spicy oil and egg liqueur to a set of traditional Swiss playing cards and a Liechtenstein puzzle, instructions for sporting activities, poetry written by employees, and cooking recipes. With this gift campaign, the FMA wanted to support local businesses during a difficult time – and of course thank the FMA team for their great dedication and commitment.*

# Insight into the FMA Career Travel Blog

*For the [FMA Career Travel Blog](#) project, FMA employees have already visited 28 spots in Liechtenstein and the immediate vicinity. A total of 35 articles have been produced and published. Thomas Stern paid a visit to the Princely Wine Cellars in Vaduz and was enthusiastic about what he experienced. Part of his blog post follows below. The Career Travel Blog can be found at [reiseblog.fma-li.li](http://reiseblog.fma-li.li).*



## In vino historia

Winegrowing has been part of human civilisation for thousands of years. No wonder, then, that this form of agriculture with a rich history has taken deep roots in cultural life. Especially in times when we are thinking more deeply again about nature and a conscious way of life, wine and winegrowing are rightly attracting more interest. Thomas certainly feels that way.



### Culture and delight

Thomas feels right at home in the vineyards, which is why he chose this location for the FMA Career Travel Blog: The Princely Wine Cellars of the Prince of Liechtenstein. With the acquisition of the County of Vaduz in 1712, the Herawingert, as the vineyard is called, also became the property of the Princely House.

## Roman heritage

### Winegrower stories

As the grandson of a farming family from the Austrian Marchfeld, Thomas already as a child had a sense of the fundamental challenges of agriculture. Since 2017, he has been cultivating a small vineyard on Vienna's Bisamberg. "Working in nature offers an optimal balance to the fast pace of the global financial market and its regulatory dynamics."



## FMA receives award for employer presence

The FMA is an attractive employer with a wide range of exciting areas of responsibility in an international environment. But as a financial market supervisory authority, the FMA has few points of contact with the general public and accordingly with potential employees. Starting in 2017, the FMA began revising its employer presence to draw attention to itself as an attractive employer in an innovative way. The FMA's [employer presence](#) was supplemented in the reporting year by the FMA Career Travel Blog.

In the [Career Travel Blog](#), which aims to recruit professionals, the FMA presents the advantages of Liechtenstein as a location and the FMA as an employer. Similarly to a conventional travel blog, interesting places, experiences, and enterprises in Liechtenstein are presented – by FMA employees themselves. The recommendations and tips of the FMA employees for their future colleagues are recorded photographically and presented in the five categories "Eating & Drinking", "Leisure & Sport", "Culture & Tradition", "Sightseeing" and "Don't do this!" on its own website. The tips are supplemented with key information about the country of Liechtenstein and about working at the FMA.

The project was implemented entirely by FMA interns in cooperation with Liechtenstein Marketing. With this Career Travel Blog, the FMA can reach potential employees in a cost-effective way and provide an insight into the fascinating life and work of the FMA team. This makes the FMA more tangible as a supervisory authority.

In October, the Career Travel Blog was nominated by the German Federal Association of Human Resources Managers for the award for outstanding human resource work in the non-profit organisations and public sector category, taking second place. For the FMA, this award is a recognition of the Career Travel Blog as an original and effective project in personnel marketing.

Other elements of the employer presence are the social business networks LinkedIn, XING, and kununu, and in particular the FMA's Instagram presence. These channels are used to target potential employees in particular. By involving current FMA employees, vacancy announcements are sent out into their own personal and professional networks.

## Development of the workforce

In 2020, the average workforce at the FMA was 112 (previous year: 104). As of the end of December, the FMA employed 114 people (110). Eight were employed on a temporary basis. The share of women was 45% (44%). 24 employees worked part-time (25). Four employees left the FMA during the reporting year (11) and eight new employees joined the FMA (17).

In total, 98.3 full-time equivalent positions (96.1) and 5.8 temporary positions (3.8) were filled as of the end of 2020. The number of full-time equivalents approved by the Board of Directors as of the end of 2020 was 101 (99) and the number of temporary positions was 5.8.



In 2019, the Board of Directors had approved two additional full-time positions and one temporary position for the reporting year. A second application manager was added to the IT/Projects Group to implement the digital strategy. Digital applications are used to increase the efficiency and effectiveness of internal processes and in supervision. A second permanent position and a temporary position were added to the Anti-Money Laundering and DNFBP Division. The frequency of due diligence inspections to combat money laundering increased, as did the number of casinos subject to supervision.

In February 2020, the Board of Directors approved an additional temporary full-time position outside the regular budget to help implement the European Union banking package. Because of the complexity and very large scope of the project, resources will be tied up in the project over an extended period of time.

The number of positions for the year 2021 is unchanged at 101 full-time positions and seven temporary full-time positions. Four of these positions are reserved for Junior Specialists as part of the trainee programme.

## Educational background and nationalities

---

Because of its complex and specialised areas of responsibility, the FMA has a very high share of employees with an academic background. 51% of employees are lawyers, and 32% are specialists such as auditors, banking experts, economists, and actuaries. 17% of employees are officers or have a different educational background. Against the backdrop of the digital transformation, IT knowledge and digital competences are gaining importance for the continuing training of employees and recruitment.

FMA employees are largely from Liechtenstein and the surrounding countries of Switzerland, Austria, and Germany. 29% of the employees are Liechtenstein citizens, 19% Swiss citizens, 38% Austrian citizens, 12% German citizens, and 2% citizens of other countries. In its recruitment, the FMA strives to encourage as many Liechtenstein citizens as possible to submit job applications. Young Liechtenstein professionals are given priority in the FMA's training programmes such as traineeships and internships. The FMA regularly succeeds in recruiting professionals from these programmes for subsequent permanent employment.

# “I’m able to combine theory and practice in the best possible way.”



“After completing my bachelor’s degree in communications and media research, I joined the Communications team at the FMA in June. I had heard from friends how fascinating and varied the work there is, and I was not disappointed. Since we perform a cross-sectional function, a lot of exciting aspects come together here. This also gives me the opportunity to learn a lot from the supervisory divisions.

I perform a wide range of tasks: everything from media monitoring to social media and project work. No day is like the other. I also enjoy working on the Career Travel Blog. Being creative and taking on challenging tasks at the same time – that’s what’s special about my work at the FMA.

Alongside my job at the FMA, I am currently completing my master’s degree in Strategic Communication and Management at the University of Zurich. My studies and my responsibilities at the FMA complement each other perfectly. I’m able to combine theory and practice in the best possible way, actively applying what I’ve learned. I really appreciate that the FMA provides me with this opportunity, because that doesn’t go without saying.”

*Anina Vogt, Student and Intern at the FMA*

## Changes and promotions

---

In October 2019, the Government appointed Christian Batliner, Triesen, to the Board of Directors for a term of five years. He took office at the beginning of 2020. Christian Batliner succeeded Michael Ritter, who left the FMA at the end of 2019 after serving two five-year terms on the Board of Directors. Juerg Meier was re-elected by the Government for a second term on the Board of Directors for the years 2021 to 2025.

The FMA Board of Directors appointed Markus Meier to the Executive Board. He has headed the Banking Division since November. The economist and certified public accountant has headed the Supervision Section of the Banking Division since 2016. He had already served as Head of the Banking Division on an interim basis since July following the departure of Patrick Bont.

Effective 1 February, Martina Tschanz took over as Head of the DNFBP Section in the Anti-Money Laundering and DNFBP Division. Elena Seiser was promoted to Head of the Legal Section in the Banking Division effective the beginning of May. The previous Deputy Head took over as Head of Section from Claudia Blas, who switched to a new function within the FMA. In April, Christian Minkus was promoted from Deputy Head to Head of the Legal Section in the Securities and Markets Division. Effective the beginning of July, Peter Rabauer took over as Head of the Legal Section in the Insurance and Pension Funds Division. Beat Waefler, Head of the Supervision Section in that division, was promoted to Deputy Head of Division in April.

## Training@FMA: professional training, trainee programme, internships, and secondments

---

To fulfil its responsibilities, the FMA relies on a broad spectrum of knowledge and competences of its employees. Accordingly, it invests heavily in basic and continuing training. The FMA also attaches great importance to advancement of young professionals for the FMA and the financial centre.

The FMA offers two training positions for commercial apprentices. The apprentices are employed with the Liechtenstein National Administration. Over the course of their training, they work for a variety of public authorities and government offices.

A special trainee programme guides young professionals through the various supervisory divisions of the FMA. On the job, they gain insight into supervisory activities in the different divisions, learn about how various topics interrelate, and benefit from the training effect. At the end of 2020, three positions were filled with young professionals from Liechtenstein. One trainee is simultaneously completing a doctoral degree relating to macroprudential supervision.

The FMA offers internship opportunities for students and graduates. As of the end of 2020, 12 interns accounting for a total of 8.9 full-time positions (previous year: 5.9) were employed. These internships are generally in the legal or economic field, with a duration varying from six to 12 months. In addition, a total of nine holiday interns were employed in various areas for a period of one to three months.

Especially during the Covid-19 pandemic, the FMA believed it was important to maintain this attractive offer for interns.

The FMA offers its employees the opportunity to engage in a temporary work assignment with supervisory authorities abroad. The goal of the secondments is to exchange experience with the host authorities, strengthen relationships, and gain knowledge. In the reporting year, one employee completed a secondment at the Monetary Authority of Singapore (MAS). The FMA itself hosted a secondee from the Deutsche Bundesbank. Secondees remain in their normal employment relationship with the sending authority or enterprise and are paid by them.

A employee in Macroprudential Supervision performed a one-year assignment at the Secretariat of the European Systemic Risk Board (ESRB) at the European Central Bank. She was granted unpaid leave for this period. In this way, the FMA also strengthened its working relationship with the ESRB.

## Outlook

---

The extraordinary work situation due to the Covid-19 pandemic continues to put the FMA team to the test. Protecting the health of employees and their families continues to be the top priority. The reporting year showed that the FMA was able to successfully master the challenges it faced during the pandemic.

Work became more “digital” in numerous respects, and internal and external communication shifted almost exclusively to digital channels. The pandemic has accelerated the digital transformation, and the aim must be to identify the positive elements and to integrate them into work practices and processes. The FMA assumes that working from home will increase even after the return to a new normal. Accordingly, in a work environment with increased mobility, leadership competences must also be promoted.

Advancement of the professional qualifications of employees, especially relating to digital competences, continues to be a strategically important goal. To secure human resources, the measures in personnel marketing will continue with the goal of making the FMA more visible as an attractive employer in the labour market.



**Flint**  
*Lawena Ravine*



ANNUAL REPORT AND

# FINANCIAL STATE- MENT

## 2020

# ANNUAL REPORT AND FINANCIAL STATEMENT 2020

Annual report

Balance sheet

Income statement

Notes on the financial statement

Attestation of the Audit Office

## Annual Report

Pursuant to Article 28 of the Financial Market Authority Act (FMAG), the FMA is funded by a State contribution, supervisory taxes and fees, and income from the provision of services.

In its meeting of 19 November 2019, the Government approved the detailed 2020 FMA budget with a State contribution of CHF 5,000,000 and expenses of CHF 24,840,000. The actual expenses for the 2020 fiscal year were CHF 24,019,090, CHF 820,910 (3.3%) below the approved budget.

Income without the State contribution amounted to CHF 20,228,695, which was CHF 918,695 (4.8%) higher than budgeted.

Pursuant to Article 30b FMAG, the FMA is required to set aside reserves each year, until the total reserves have reached 25% of the average ordinary expenses over the past three years according to the financial statement. According to the transitional provision, the amount of the total reserves, in derogation from Article 30b, is set at 40% for the 2020 fiscal year. Under this legal requirement, the reserves for the year 2020 could reach a maximum of CHF 9,485,164. Because the reserves already amounted to CHF 9,619,644 as of 1 January 2020, CHF 134,480 in reserves were released effective 31 December 2020. The State contribution was adjusted accordingly. Instead of the budgeted CHF 5,000,000, the State

contribution for 2020 was CHF 3,655,915. Total income including the State contribution was thus CHF 23,884,610. Deducting the total expenses of CHF 24,019,090, the accounts closed with a loss for the year of CHF 134,480.

Personnel expenses in the 2020 fiscal year amounted to CHF 17,295,734 and were thus CHF 34,266 (0.2%) lower than budgeted.

At CHF 5,241,027, other operating expenses were CHF 748,973 (12.5%) lower than budgeted. Travel expenses, IT costs, and basic and continuing training were the main items below budget. This was mainly due to heavily reduced travel because of the Covid-19 pandemic. Certain events and continuing training programmes were also cancelled or held virtually. The trend towards more online events will presumably continue, which has already been taken into account for the 2021 budget. The impact of the Covid-19 pandemic has also delayed some investments in IT projects and consulting mandates. In contrast, the “Other expenses” item exceeded its budget. This was mainly due to an increase in the position for bad debts.

At CHF 1,454,027, write-downs were CHF 45,973 (3.1%) below budget.

After offsetting the loss of the 2020 fiscal year in the amount of CHF 134,480 with the reserves, the total reserves now amount to CHF 9,485,164.

## FINANCIAL STATEMENT

FMA Annual Report 2020

### Outlook

The FMA budget for the 2021 fiscal year in the amount of CHF 24,890,000 is at the same level as the budget of the reporting year. The statutory rules governing reserves, amended in 2019, provide that the maximum permissible level of reserves will be gradually

reduced from 50% in the 2019 fiscal year to 25% by the 2022 fiscal year of the average ordinary expenses over the past three years according to the financial statement (2020: 40%, 2021: 30%, 2022: 25%).

### Balance sheet as of 31 December (in CHF)

Assets	2020	2019
<b>Fixed assets</b>		
Intangible assets	– Software	1,332,805.16
Tangible assets	– Operating equipment	2.00
	– IT equipment	177,428.44
	– Furnishings	61,141.65
<b>Current assets</b>		
Receivables	– Receivables from services	235,371.65
	– Other receivables	16,116.75
Bank deposits and cash	– Bank	14,158,182.20
	– Cash	832.50
<b>Accrued items</b>		
		381,472.51
<b>TOTAL ASSETS</b>	<b>16,363,352.86</b>	<b>14,041,509.97</b>

Liabilities	2020	2019
<b>Equity capital</b>		
– Endowment	2,000,000.00	2,000,000.00
– Reserves	9,619,643.67	10,079,198.09
– Annual loss	–134,479.83	–459,554.42
	<u>11,485,163.84</u>	<u>11,619,643.67</u>
<b>Provisions</b>		
– Other provisions	522,135.00	445,268.71
<b>Accounts payable</b>		
– Accounts payable from deliveries and services	818,604.48	944,264.02
– Accounts payable to the Principality of Liechtenstein	2,200,910.24	525,930.53
– Other accounts payable	1,249,834.13	384,635.09
<b>Deferred items</b>		
	86,705.17	121,767.95
<b>TOTAL LIABILITIES</b>	<b>16,363,352.86</b>	<b>14,041,509.97</b>

## Income statement from 1 January – 31 December (in CHF)

	2020	Budget 2020	Budget dev.	2019
<b>Fees and taxes</b>				
Licensing fees	1,223,996.00	1,200,000.00	23,996.00	881,610.50
Supervisory taxes	18,072,604.21	17,300,000.00	772,604.21	16,386,438.15
Audit fees	38,511.35	30,000.00	8,511.35	33,775.65
Other fees	880,508.66	740,000.00	140,508.66	794,470.28
<b>Other operating income</b>	13,075.00	40,000.00	-26,925.00	136,863.08
<b>State contribution</b>	3,655,915.11	5,000,000.00	-1,344,084.89	5,000,000.00
	<b>23,884,610.33</b>	<b>24,310,000.00</b>	<b>-425,389.67</b>	<b>23,233,157.66</b>
<b>Personnel expenses</b>				
Wages and salaries	-14,133,832.54	-14,100,000.00	-33,832.54	-13,318,677.89
Social security contributions and expenses for retirement provision and related benefits <i>of which for retirement provision</i>	-2,542,812.78 -2,176,139.65	-2,570,000.00	27,187.22	-2,402,884.98 -2,065,782.70
Board of Directors	-619,088.23	-660,000.00	40,911.77	-677,207.48
<b>Depreciation and value adjustments</b>				
Depreciation on software	-1,200,434.37	-1,245,000.00	44,565.63	-1,208,300.75
Depreciation on IT equipment	-143,451.65	-145,000.00	1,548.35	-110,717.41
Depreciation on furnishings	-36,172.85	-35,000.00	-1,172.85	-51,512.49
Depreciation on operating equipment	-73,968.20	-75,000.00	1,031.80	-173,141.90
<b>Other operating expenses</b>				
Other personnel expenses	-267,130.55	-250,000.00	-17,130.55	-239,613.45
Basic and continuing training	-258,450.70	-370,000.00	111,549.30	-339,049.74
Office expenses	-234,744.13	-230,000.00	-4,744.13	-233,917.00
Travel expenses	-68,215.40	-570,000.00	501,784.60	-478,080.23
Expert fees/opinions	-613,874.03	-620,000.00	6,125.97	-733,031.58
Audit firms	-517,634.95	0.00	-517,634.95	-359,322.40
Reimbursements for audit firms	506,282.94	0.00	506,282.94	356,953.00
Premises	-1,969,887.80	-1,970,000.00	112.20	-1,964,772.81
Insurance	-78,480.90	-75,000.00	-3,480.90	-74,369.40
IT costs	-1,041,965.89	-1,180,000.00	138,034.11	-1,033,881.60
Public outreach	-117,269.91	-120,000.00	2,730.09	-120,899.19
Events and representation	-6,612.30	-40,000.00	33,387.70	-33,858.87
Membership fees for associations/institutions	-317,119.56	-340,000.00	22,880.44	-313,013.88
Audit expenses	-38,511.35	-30,000.00	-8,511.35	-33,775.65
Other expenses	-196,347.19	-95,000.00	-101,347.19	-91,892.29
Losses on accounts receivable	-21,065.73	-100,000.00	78,934.27	-33,480.13
<b>Other interest and similar expenses</b>	-28,302.09	-20,000.00	-8,302.09	-24,263.96
<b>Annual loss</b>	<b>-134,479.83</b>	<b>-530,000.00</b>	<b>395,520.17</b>	<b>-459,554.42</b>

Summarised income statement	2020	Budget 2020	Budget dev.	2019
<b>TOTAL INCOME</b>	<b>23,884,610.33</b>	<b>24,310,000.00</b>	<b>-425,389.67</b>	<b>23,233,157.66</b>
Personnel expenses	-17,295,733.55	-17,330,000.00	34,266.45	-16,398,770.35
Depreciation and value adjustments	-1,454,027.07	-1,500,000.00	45,972.93	-1,543,672.55
Other operating expenses	-5,241,027.45	-5,990,000.00	748,972.55	-5,726,005.22
Other interest and similar expenses	-28,302.09	-20,000.00	-8,302.09	-24,263.96
<b>TOTAL EXPENSES</b>	<b>-24,019,090.16</b>	<b>-24,840,000.00</b>	<b>820,909.84</b>	<b>-23,692,712.08</b>
Annual loss	<b>-134,479.83</b>	<b>-530,000.00</b>	<b>395,520.17</b>	<b>-459,554.42</b>

## Notes on the financial statement

### Financial accounting principles

According to Article 32 FMAG, the supplementary provisions for specific company forms set out in the Law on Persons and Companies (PGR) apply to the preparation of the annual report including the financial statement. The FMA uses the provisions for large companies in this regard. These provisions demand that the financial statement give a true and fair view of the assets and liabilities, financial position, and profit or loss.

### Balancing and valuation methods

Tangible assets are valued at acquisition cost reduced by depreciation. Depreciation is calculated using the straight-line method, based on the acquisition value. The depreciation policy provides for the following useful lives:

Category	Useful life
Software	3 Jahre
IT equipment	3 Jahre
Furnishings	5 Jahre
Operational equipment	10 Jahre

*Table 1  
Useful life*

Receivables are stated at nominal value, reduced by any required value adjustments. Provisions are to be calculated so as to take sufficient account of all identifiable risks in accordance with sound commercial judgment. Accounts payable are valued at their nominal value or at the repayment amount, whichever is higher.

### Foreign exchange rate

The FMA invoices only in CHF. Accounts payable in currencies other than CHF are stated at the mean spot exchange rate on the balance sheet date.

### Receivables

All receivables have a maturity of less than one year. They are stated in the balance sheet at nominal value. Value adjustments for risks identifiable on the balance sheet date are made to the extent necessary for business purposes. All value adjustments are offset directly against receivables.

## Fixed assets in CHF

The development of the individual fixed asset items is shown separately in the fixed asset schedule:

Fixed assets	Software	IT equipment	Furnishings	Operating equipment	Total
Acquisition costs	Balance 01.01.2020	3,864,366.94	443,482.99	955,745.00	6,995,023.48
	Acquisitions	1,465,828.49	257,117.55	22,519.35	1,745,465.39
	Divestitures	164,761.40		0.00	166,150.40
	Balance 31.12.2020	5,165,434.03	699,211.54	978,264.35	8,574,338.47
Depreciation	Balance 01.01.2020	2,790,154.70	378,794.40	880,949.85	5,707,357.30
	Acquisitions	1,200,434.37	143,451.65	36,172.85	1,454,027.07
	Divestitures	157,960.20	462.95	0.00	158,423.15
	Balance 31.12.2020	3,832,628.87	521,783.10	917,122.70	7,002,961.22
Book value	Balance 01.01.2020	1,074,212.24	64,688.59	74,795.15	1,287,666.18
	Balance 31.12.2020	1,332,805.16	177,428.44	61,141.65	2.00
					1,571,377.25

*Table 2  
Fixed asset schedule*

## Provisions

Under the PGR accounting rules, all provisions are reassessed each year, justified, and adjusted where necessary. The provisions include outstanding holiday entitlements as of 31 December 2020 in the amount of CHF 522,135.

## Accounts payable

All accounts payable by the FMA have a maturity of less than one year.

## Long-term liabilities

The FMA has a rental contract with the Liechtenstein Old Age and Survivors' Insurance Authority concluded in December 2010, with a rental term of 20 years. The annual rent amounts to approximately CHF 1,800,000 (including ancillary costs).

## Remuneration of the Board of Directors and Members of the Executive Board (Article 1092(9)(a) PGR)

### a) Board of Directors

Remuneration for the Board of Directors of the FMA in the 2020 fiscal year, including social security contributions, was CHF 619,088 (previous year: CHF 677,207). Of this amount, social security taxes and expenses for retirement provision and related benefits amounted to CHF 49,088 (of which CHF 44,578 for retirement provision). The Board of Directors was composed as follows in 2020:

## FINANCIAL STATEMENT

FMA Annual Report 2020

Board of Directors	Government resolution	Term of office
Roland Mueller (Chairman)	<ul style="list-style-type: none"> <li>– LNR 2016-1635 BNR 2016/1674 REG 7402.2 of 16.11.2016</li> <li>– LNR 2019-1356 BNR 2019/1388 REG 7428 of 22.10.2019</li> </ul>	01.01.2017 – 31.12.2019
Michèle Borgeaud (Vice Chair)	<ul style="list-style-type: none"> <li>– LNR 2016-1635 BNR 2016/1674 REG 7402.2 of 16.11.2016</li> </ul>	01.01.2017 – 31.12.2021
Ivo Furrer	<ul style="list-style-type: none"> <li>– LNR 2016-653 BNR 2016/663 REG 7428 of 10.05.2016</li> </ul>	01.07.2016 – 30.06.2021
Juerg Meier	<ul style="list-style-type: none"> <li>– LNR 2015-1185 BNR 2015/1727 REG 7402 of 16.12.2015</li> <li>– LNR 2020-1361 BNR 2020/1403 AP 022.3 of 29.09.2020</li> </ul>	01.01.2016 – 31.12.2020 01.01.2021 – 31.12.2025
Christian Batliner	<ul style="list-style-type: none"> <li>– LNR 2019-1356 BNR 2019/1388 REG 7428 of 22.10.2019</li> </ul>	01.01.2020 – 31.12.2024

*Table 3*  
*Board of Directors*

The remuneration of the Members of the Board of Directors is based on the Government decision of 31 January 2017 (LNR 2017-135 BNR 2017/101 REG 0314). The Government specified the following remuneration:

- Basic compensation for the Chairman
- Basic compensation for the Vice Chair
- Basic compensation for other Members
- Flat-rate compensation per meeting day

- Mario Gassner, Chief Executive Officer
- Alexander Imhof, Deputy of the CEO and Head of Insurance and Pension Funds Division
- Marcel Loetscher, Head of Securities and Markets Division
- Markus Meier, Head of Banking Division
- Werner Meyer, Head of Anti-Money Laundering and DNFBP Division
- Martin Schaedler, Head of Central Services

### b) Executive Board

The gross remuneration of the Members of the Executive Board in the 2020 fiscal year was CHF 1,905,468 (previous year: CHF 1,919,175) without social security contributions.

The Members of the Executive Board are appointed by the Board of Directors. The Executive Board was composed of the following Members as of 31 December 2020:

### Workforce

In 2020, the average workforce at the FMA was 112 (previous year: 104). As of the end of December, the FMA employed 114 people (110). Eight were employed on a temporary basis. The share of women was 45% (44%). 24 employees worked part-time (25). Four employees left the FMA during the reporting year (11) and eight new employees joined the FMA (17).

In total, 98.3 full-time equivalent positions (96.1) and 5.8 temporary positions (3.8) were filled as of the end of 2020. The number of full-time equivalents approved by the Board of Directors as of the end of 2020 was 101 (99) and the number of temporary positions was 5.8 (3.8).

**Audit firms/Reimbursements  
for audit firms**

The “Audit firms” item in the amount of CHF 517,635 includes expenses in connection with due diligence audits of financial intermediaries, costs for extraordinary audits, and observer costs carried out by external audit firms. In return, these costs were invoiced to the financial intermediaries under the item “Reimbursements for audit firms” in the amount of CHF 506,283. The difference is due to the fact that the dissolution or bankruptcy of companies meant that not all expenses could be passed on.

## FINANCIAL STATEMENT

FMA Annual Report 2020

### Attestation of the Audit Office



FINANZKONTROLLE  
FÜRSTENTUM LIECHTENSTEIN

Bericht der Finanzkontrolle an die Regierung des Fürstentums Liechtenstein betreffend

#### Finanzmarktaufsicht (FMA) Liechtenstein

Als Revisionsstelle im Sinne von Art. 19 des Gesetzes über die Finanzmarktaufsicht (FMAG) haben wir die Buchführung, die Jahresrechnung (Bilanz, Erfolgsrechnung und Anhang) und den Jahresbericht der Finanzmarktaufsicht (FMA) Liechtenstein für das am 31. Dezember 2020 abgeschlossene Geschäftsjahr geprüft.

Für die Jahresrechnung und den Jahresbericht ist der Aufsichtsrat verantwortlich, während unsere Aufgabe darin besteht, diese zu prüfen und zu beurteilen.

Unsere Prüfung erfolgte nach den Grundsätzen des Berufsstandes, wonach eine Prüfung so zu planen und durchzuführen ist, dass wesentliche Fehlaussagen in der Jahresrechnung mit angemessener Sicherheit erkannt werden. Wir prüften die Posten und Angaben der Jahresrechnung mittels Analysen und Erhebungen auf der Basis von Stichproben. Ferner beurteilten wir die Anwendung der massgebenden Rechnungslegungsgrundsätze, die wesentlichen Bewertungsentscheide sowie die Darstellung der Jahresrechnung als Ganzes. Wir sind der Auffassung, dass unsere Prüfung eine ausreichende Grundlage für unser Urteil bildet.

Gemäss unserer Beurteilung vermittelt die Jahresrechnung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage in Übereinstimmung mit dem liechtensteinischen Gesetz. Ferner entsprechen die Jahresrechnung und der Jahresbericht dem liechtensteinischen Gesetz, dem Gesetz über die Finanzmarktaufsicht (FMAG) und den Statuten.

Der Jahresbericht steht im Einklang mit der Jahresrechnung und enthält gemäss unserer Beurteilung keine wesentlichen fehlerhaften Angaben.

Wir empfehlen, die vorliegende Jahresrechnung zu genehmigen.

FINANZKONTROLLE  
des Fürstentums Liechtenstein

A handwritten signature in blue ink, appearing to read "C. Lang".

Cornelia Lang  
*Leiterin*

A handwritten signature in blue ink, appearing to read "F. Baschleben".

Fredy Baschleben  
*Mandatsleiter*

Vaduz, 24. März 2021

**FINANCIAL STATEMENT**  
FMA Annual Report 2020

---

## *Unexpected variety*

*Liechtenstein is characterised by the Limestone Alps formed more than 100 million years ago in the Jurassic and Cretaceous periods. In addition to the limestone that gives this part of the Alps its name, dolomite, sandstone, or even marl and clay provide an unexpected variety of shapes, colours, and structures. The photographer has impressively put this diversity on display.*

*We would like to thank photographer Sven Beham, Liechtenstein National Museum, for his support in realising our image concept.*

**Dolomite**  
*Valorsch*

---

**Publisher and Editor**  
Financial Market Authority  
Liechtenstein  
Landstrasse 109  
PO Box 279  
9490 Vaduz  
Liechtenstein

Telephone +423 236 73 73

info@fma-li.li  
[www.fma-li.li](http://www.fma-li.li)

**Concept and Design**  
[Leone Ming Est.](#)  
**Photography**  
Portrait (Foreword): Roland Korner, Close up  
Stones: Sven D. Beham, Liechtenstein National Museum

The Annual Report is available in German and English on the  
FMA website. No printed version is published.

