

To whom it may concern

Anti-Money Laundering and  
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### **Principality of Liechtenstein – AML/CFT framework**

The Financial Market Authority Liechtenstein (FMA) is the independent, integrated financial market supervisory authority of the Principality of Liechtenstein mandated to ensure the stability of the Liechtenstein financial market, the protection of clients, the prevention and prosecution of abuse, and the implementation of, and compliance with, recognized international standards.

The FMA is responsible for the prudential oversight of all Liechtenstein financial institutions and certain designated non-financial businesses and professions (DNFBPs). In addition, the FMA supervises the compliance with the requirements for combating money laundering and terrorist financing of all Liechtenstein financial institutions, DNFBPs (except lawyers and law firms) and Virtual Asset Service Providers (VASPs).

### **Liechtenstein as a Member of the European Economic Area**

Since 1995 Liechtenstein has been a member of the European Economic Area (EEA), which includes all 28 Member States of the European Union as well as the three EEA/EFTA States Iceland, Norway and Liechtenstein. This membership established a formal relationship between Liechtenstein and the European Union. As a condition of the EEA membership, Liechtenstein is obliged to transpose all EU directives and EU regulations in the financial services sector into its domestic law. Accordingly, credit and financial institutions in Liechtenstein have to comply with the same legal requirements and standards as any credit or financial institution established in a member state of the European Union.

Due to the EEA membership, credit and financial institutions in Liechtenstein benefit from the freedom of establishment and free movement of services when offering cross-border financial services within the EEA. Credit and financial institutions from other EEA member states have the same rights within Liechtenstein.

### **4<sup>th</sup> and 5<sup>th</sup> EU Anti Money Laundering Directive**

The 4<sup>th</sup> EU AML Directive (EU) 2015/849 and the 5<sup>th</sup> EU AML Directive (EU) 2018/843 have been implemented into national Law. Relevant EU Regulations, such as Regulation (EU) 2015/847 on information accompanying transfers of funds, have been incorporated into the EEA Agreement and therefore have direct effect in Liechtenstein.

The legal provisions implementing the EU AML Directives can be found in the Law on Professional Due Diligence to Combat Money Laundering, Organised Crime and Terrorist Financing (Due Diligence Act; DDA) and the related Due Diligence Ordinance (DDO).<sup>1</sup> Liechtenstein credit and financial institutions as well as DNFBPs and Virtual Asset Service Providers (VASPs) are therefore entirely subject to the provisions of the EU AML framework. Member States of the EU/EEA benefit de jure from mutual recognition through the implementation of the EU AML Directives.

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<sup>1</sup> English translations are available at: <http://www.regierung.li/law#finservices>.

## **Register of Beneficial Owners of Legal Entities (Register)**

The requirements of the EU AML Directives concerning the central beneficial owner register have been implemented in the Act on the Register of Beneficial Owners of Legal Entities (Gesetz über das Verzeichnis der wirtschaftlich berechtigten Personen von Rechtsträgern, VwbPG).<sup>2</sup>

The Register contains data on the beneficial owners of domestic legal persons and trusts, as well as of foreign trusts or similar legal arrangements that are managed or have entered into a business relationship in Liechtenstein. The Register is kept electronically by the Office of Justice.

The FIU, the FMA, the National Police, the Tax Administration, the Office of the Public Prosecutor, the Court of Justice and the Liechtenstein Chamber of Lawyers may access the Register for the purpose of fighting money laundering, predicate offenses to money laundering, and terrorist financing.

Subject to the conditions specified in the VwbPG, the data is also disclosed to banks and financial institutions domiciled in any EEA Member State or in certain third states for the purpose of fulfilling due diligence obligations or activities to fight money laundering, predicate offenses to money laundering, and terrorist financing.

Subject to the conditions specified in the VwbPG, other domestic and foreign persons and organisations may also apply to the Office of Justice for disclosure of the data entered in the Register. This application is subject to a fee.

More information on the Register of Beneficial Owners of Legal Entities is available at:

<https://www.llv.li/inhalt/118560/amtstellen/verzeichnis-wirtschaftlich-berechtigter-vwb>

## **Part of the Global Network of FATF-Style Regional Bodies**

To achieve global implementation of the FATF Recommendations, the Financial Action Task Force (FATF) relies on a strong global network of nine FATF-Style Regional Bodies (FSRBs), in addition to its own 37 member jurisdictions. The FSRBs have an essential role in promoting the effective implementation of the FATF Recommendations due to their membership and in providing expertise and input to FATF policy-making. Over 180 jurisdictions around the world have committed to the FATF Recommendations through the global network of FSRBs and FATF memberships.<sup>3</sup>

One of these nine FSRBs is MONEYVAL, the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism. This committee was established in 1997 within the Council of Europe and comprises the countries of the Council of Europe which are not members of the FATF. MONEYVAL reports to the FATF and is an associate member of the FATF.

Liechtenstein is a long standing and active member of MONEYVAL. Like the FATF, MONEYVAL aims at ensuring that its member states have effective systems in place to counter money laundering and terrorist financing and comply with the relevant international standards in these fields. Compliance is assessed through regular evaluations.

## **Compliance with FATF Recommendations**

In 2021/22 MONEYVAL drew up another comprehensive assessment of Liechtenstein's level of compliance with the above mentioned international standards set by the FATF. This evaluation was carried out

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<sup>2</sup> English translation is available at: <http://www.regierung.li/law#finservices>.

<sup>3</sup> <https://www.fatf-gafi.org/countries/>.

as part of the 5th round of evaluations conducted by MONEYVAL (equivalent to FATF's 4<sup>th</sup> evaluation cycle).

The respective evaluation report has been published by MONEYVAL on 29 June 2022.<sup>4</sup> The assessment ratings show that Liechtenstein has a broad and convergent understanding of its money laundering and financing of terrorism (ML/TF) risks and that a strong supervisory approach is in place. Compared to countries that have been assessed globally so far Liechtenstein performed very well. Due to the positive report, Liechtenstein is subject to the regular MONEYVAL follow-up reporting process (as opposed to the enhanced follow-up reporting process) and is thus one of only five MONEYVAL member countries with this outcome so far.

MONEYVAL acknowledges the progress made by Liechtenstein and encourages the country to further strengthen measures to combat money laundering and the financing of terrorism. With regard to the laws, regulations and guidelines setting out the legal framework for the prevention of money laundering and the financing of terrorism ("technical compliance") Liechtenstein is rated as "compliant" or "largely compliant" for 37 of the 40 recommendations (no non-compliant rating).

As far as the effective implementation of the legal framework is concerned ("effectiveness"), Liechtenstein scored above average in five of the eleven subject areas examined ("11 Immediate Outcomes"). The other areas have been assessed as showing a moderate level of effectiveness, which corresponds to the average rating achieved by the vast majority of other countries assessed globally. MONEYVAL did not identify any significant gaps in these areas either.

One of the abovementioned eleven assessment areas deals with the quality of AML/CFT supervision. As part of this assessment theme, MONEYVAL has analyzed in-depth the FMA's understanding of ML/TF risks, the quality of fit & proper checks in relation to senior management and shareholders of financial intermediaries, the FMA's supervisory strategy (including relevant policies and procedures), the intensity and scope of the supervisory activity, the effective application of remedial actions and sanctions, as well as the FMA's promotion of a clear understanding of AML/CFT obligations and risks to the financial sector.

The report acknowledges positively that the FMA has been operating a consistent risk-based supervision following a significant strengthening of its AML/CFT supervisory strategy and organization in 2018. Furthermore, MONEYVAL acknowledged that the FMA has further increased its understanding of ML/TF-risks and commended the corresponding risk mitigation mechanisms in all sectors. The AML/CFT oversight system is judged to be well suited and the processes applied are described as being efficient. MONEYVAL encourages the FMA to continue the risk-based supervision pursued so far.

FMA – Financial Market Authority Liechtenstein



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<sup>4</sup> <https://www.coe.int/en/web/moneyval/-/moneyval-acknowledges-liechtenstein-s-progress-in-improving-measures-to-combat-money-laundering-and-financing-of-terrorism>.