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), like trustees. In addition, the FMA supervises the compliance of all Liechtenstein financial institutions and DNFBPs with the requirements for countering money laundering and terrorist financing.

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 Liechtenstein, Iceland, and Norway. This membership established a formal relationship between Liechtenstein and the European Union. As a condition of EEA membership, Liechtenstein is obliged to transpose all EU directives and EU regulations in the financial services sector into its domestic law. Accordingly, Liechtenstein credit and financial institutions 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, Liechtenstein’s credit and financial institutions benefit from the freedom of establishment and 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.

EU Anti Money Laundering Directive

The Third EU Anti Money Laundering Directive (2005/60/EC) has been fully implemented into national Law. Liechtenstein has also implemented the Commission Directive 2006/70/EC with regard to the definition of a politically exposed person and the technical criteria for simplified customer due diligence procedures, and for exemption on grounds of a financial activity conducted on an occasional or very limited basis, as well as Regulation (EC) No 1781/2006 on information on the payer accompanying transfers of funds.

The respective provisions 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. Liechtenstein credit and financial institutions as well as DNFBPs are therefore entirely subject to the provisions of Directive 2005/60/EC. Member States of the EU/EEA benefit de jure from mutual recognition through the implementation of the Third EU AML Directive.
The European institutions have recently adopted the 4th Anti-Money Laundering Directive¹ and the revised EU Wire Transfer Regulation² to reinforce the EU’s existing rules on anti-money laundering and fund transfers, particularly taking into account the revised FATF Recommendations. The new measures have been published in June 2015. As mentioned above, due to its EEA membership Liechtenstein is obliged to implement these new measures into domestic law within two years following its publication. Liechtenstein has already adopted several measures to transpose the new requirements. Complete transposition of the 4th Anti-Money Laundering Directive is envisaged for mid-2017.

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 eight FATF-Style Regional Bodies (FSRBs), in addition to its own 36 members. The FSRBs have an essential role in promoting the effective implementation of the FATF Recommendations by their membership and in providing expertise and input in FATF policy-making. Over 180 jurisdictions around the world have committed to the FATF Recommendations through the global network of FSRBs and FATF memberships.³

One of these eight 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

The compliance of the Liechtenstein AML/CFT framework with the FATF Recommendations has been regularly assessed by the International Monetary Fund in cooperation with experts from MONEYVAL.

The most recent 4th assessment visit to Liechtenstein took place in June 2013. The assessment was conducted again by a team of assessors composed of staff of the International Monetary Fund (IMF) and experts acting under the supervision of the IMF. The assessment was prepared following the MONEYVAL rules of procedures of the “fourth evaluation round” and therefore focused particularly on how effectively the FATF’s recommendations have been implemented. The respective IMF report has been published in June 2014 on the website of the Council of Europe/ MONEYVAL.⁴

The Liechtenstein framework to prevent money laundering and terrorist financing was overall assessed very positively. With respect to 22 Recommendations Liechtenstein achieved a better rating compared to the previous assessment conducted by the IMF in 2007. In total, 38 Recommendations were rated positively, either as “Compliant” or “Largely Compliant”.

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³ [http://www.fatf-gafi.org/countries/]
The report acknowledges that “Liechtenstein has made significant steps and achieved considerable progress since the last mutual evaluation, particularly in bringing its legal framework more closely in line with the FATF recommendations, consolidating an overall robust institutional framework for combating money laundering (ML) and terrorist financing (TF) and moving towards greater transparency.”

Yours faithfully

FMA – Financial Market Authority Liechtenstein

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