Financial Market Authority
Liechtenstein

# Liechtenstein Financial Market

Facts and figures on the financial intermediaries
supervised by the FMA

2016 edition

# FOREWORD

Dear Reader

The Principality of Liechtenstein offers a specialized and stable financial centre with strong international ties. After the industrial sector, financial services are the largest business sector in Liechtenstein's national economy. Banks have the most weight, working mainly in private banking and wealth management. The country is also an attractive location for insurers, asset managers, and funds, and it has a specialized fiduciary sector.

Liechtenstein is a member of the European Economic Area (EEA) and thus enjoys full freedom to provide services in all countries of the European single market. Thanks to Liechtenstein's close neighbourly economic relationship and the Customs and Currency Treaty with Switzerland, Liechtenstein's financial intermediaries also enjoy privileged access to the Swiss economic area. For Swiss market actors, Liechtenstein offers a nearby hub for the European single market.

Liechtenstein offers a stable legal and social order with a very high quality of life in the franc currency area. The solid financial policy of the public budgets, short administrative channels, and a transparent and predictable tax and legal framework contribute to Liechtenstein's attractiveness as a business location. Liechtenstein's AAA rating from Standard & Poor's underscores this reliability.

In addition to banks and insurers, the FMA supervises other market participants such as asset managers, funds, and professional trustees. In this publication, we have compiled facts and figures on the individual market participants in a compact form.

Mario Gassner
CEO

1. INTERNATIONAL ECONOMY AND FINANCIAL MARKETS 5
1.1 International economy and foreign financial markets 5
1.2 Liechtenstein financial centre 6

2. FINANCIAL INTERMEDIARIES 9
2.1 Banks 9
2.2 Asset management companies 12
2.3 Investment undertakings (funds) 13
2.4 Insurance undertakings 15
2.5 Insurance intermediaries 19
2.6 Pension schemes 20
2.7 Pension funds 23
2.8 Professional trustees and trust companies 24
2.9 Persons under the 180a Act 25
2.10 Auditors and audit companies 26
2.11 Patent lawyers and patent law firms 27
2.12 Other financial intermediaries 28

# INTERNATIONAL ECONOMY AND FINANCIAL MARKETS

# 1. INTERNATIONAL ECONOMY AND FINANCIAL MARKETS

## 1.1 INTERNATIONAL ECONOMY AND FOREIGN FINANCIAL MARKETS

Global growth prospects became gloomier over the course of 2015. Seven years after the global financial crisis, the financial sector is operating in an overall economic environment that continues to be heavily impacted by the repercussions of the financial crisis, such as low economic growth, high levels of debt, persistently low and in some markets even negative market interest rates, falling commodity prices, and depressed inflation rates worldwide.

While growth in the developed national economies tended to accelerate somewhat over the course of the year, the outlook for emerging and developing countries has worsened considerably due to falling commodity prices and tighter financing conditions. World economic growth in 2015 was about 3%, significantly lower than its historic average.

Some emerging countries have accumulated significant debt, part of which is denominated in foreign currencies, especially US dollars. The total debt of emerging countries grew from 150% of GDP in 2009 to 195% in 2015.[1] China's debt rose by 50 percentage points over the past four years and now exceeds that of the United States.[2] The higher level of debt raises questions about its financing as well as the threat of crises.

The European economy has gained some momentum again, supported by lower oil prices, the depreciation of the euro, and the continuingly expansionary monetary policy. Investment activity is sluggish despite favourable financing conditions, sometimes due to ongoing debt reduction. The economic momentum is facing headwinds such as the slowdown of economic activity in emerging countries as well as geopolitical tensions.

The Swiss economy is stagnating. The abolition of the EUR/CHF minimum exchange rate in January 2015 as well as the weaker development of important trading partners led to a significant cooling of the Swiss economy over the course of the year. Moreover, the construction industry – which in recent years has been an important pillar of the economy – has entered a slowdown phase. The Swiss franc shock also has an adverse impact on the economic momentum of Liechtenstein's national economy. Direct exports of goods fell by 6.9% compared with the previous year.

---

1 *The Economist (2015): The Chronicles of Debt, November, page 13.*
2 *McKinsey Global Institute (2015): Debt and (not much) deleveraging, February.*

Global equity prices on the financial markets, measured according to the MSCI World Index, fell by 2.7% in 2015, after gaining 2.9% in the previous year. The capital market interest rates increased slightly over the course of the year. The interest rates on ten-year German federal bonds rose by nine basis points over the course of the year, while interest rates on ten-year US Treasury bonds rose by ten basis points. Equity market volatility rose significantly in August in light of the uncertainties due to the weakening of the Chinese economy and the impact thereof on the world economy.

In light of the quantitative easing programme adopted by the Eurosystem in January 2015, the expected time of exit from the expansionary monetary policy in the Eurozone has been further delayed. The unconventional instruments employed by the ECB, such as quantitative easing, are intended to have an effect not least of all through the channels of credit, risk, and assets. They may also be significant for financial stability.[1]

To the extent that monetary policy contributes to rising asset prices and stimulates the assumption of greater risks by market participants, there is a danger that asset price bubbles will occur and that risks are systematically underestimated. In the case of falling or historically extraordinarily low interest rates, life insurers for instance have an incentive to purchase assets with higher and at the same time riskier yields in order to meet their contractually agreed interest obligations. This may entail that downside risks are not taken into account sufficiently.

## 1.2 LIECHTENSTEIN FINANCIAL CENTRE

Since the global financial crisis of 2007/08, which led to an extremely expansionary monetary policy combined with low market interest rates as well as an international wave of regulation, financial intermediaries have been exposed to an extremely difficult market environment. The abolition of the minimum exchange rate of CHF 1.20 per EUR and the reduction of the interest rate on demand deposits to – 0.75% in mid-January 2015 by the Swiss National Bank represent additional challenges for financial intermediaries.

Nevertheless, the banking sector was able to significantly improve its income situation over the previous year and reported a net inflow of new money from clients overall. Individual institutions reported net outflows of new money, however. The development in the other sectors of the financial centre is uneven: While asset management companies were able to increase assets under management, the fund industry experienced a slight decline in terms of the number of funds and net assets under management. The premium income of life insurers fell slightly, mainly due to exchange rate effects.

1 *Deutsche Bundesbank (2015): Financial Stability Review, November.*

At the regulatory level, a comprehensive revision of the Banking Act entered into force in February 2015. With this revision, Liechtenstein implemented the European requirements of the CRD IV package into national law. With the higher demands on the capital resources of banks, the stability of the financial system is to be strengthened. New rules also apply to insurance undertakings. The new solvency and supervisory regime that entered into force on 1 January 2016 aims to better protect the claims of insurance clients, increase the crisis resistance of insurance undertakings, and strengthen financial stability.

- Banks: At the end of 2015, the Liechtenstein banks including foreign group companies managed client assets in the amount of CHF 209.5 billion (previous year CHF 216 billion). The net inflow of new money amounted to a total of CHF 8.5 billion (previous year: CHF 16.1 billion). Income as measured by the result from ordinary business activities amounted to CHF 390 million (previous year: CHF 240 million).

- Asset management companies: At the end of 2015, 116 asset management companies were licensed in Liechtenstein. The assets under management amounted to CHF 33.3 billion (previous year: CHF 31.4 billion).

- Investment undertakings (funds): The total net assets under management at the end of 2015 amounted to CHF 45.2 billion (previous year: CHF 46.2 billion). The number of Liechtenstein funds was 510 (previous year: 532).

- Insurance undertakings: Premium income in 2015 amounted to CHF 3.3 billion (previous year: CHF 3.5 billion). Of that amount, life insurers generated CHF 2.3 billion, non-life insurers CHF 1.0 billion, and reinsurers CHF 47 million. The balance sheet total was CHF 27.8 billion at the end of 2015 (previous year: CHF 31.0 billion).

- Pension schemes: At the end of 2015, 23 pension schemes were under the supervision of the FMA. The average, equally weighted funding ratio at the end of 2015 was 103.4% (previous year: 106.6%). The pension capital and the technical provisions at the end of 2013 were CHF 5.3 billion.

- Pension funds: At the end of 2015, the FMA supervised five pension funds. Of these, four offer cross-border services in the EEA and third countries. They earned CHF 106 million in gross premiums in 2015 (previous year: CHF 99 million).

# FINANCIAL INTERMEDIARIES

# 2. FINANCIAL INTERMEDIARIES

## 2.1 BANKS

Liechtenstein banks focus their activities primarily on private banking and wealth management. Thanks to Liechtenstein's membership in the European Economic Area (EEA), the banks enjoy full freedom to provide services throughout the European single market. Some banks are also active outside Europe, especially in Asia, through subsidiaries or representative offices. In 2015, a merger took place in the Liechtenstein banking sector, reducing the number of licensed banks from 17 to 16.

The market environment with a historically low interest rate level and volatile financial markets was a challenge for the banks. This was made even more difficult by the decision of the Swiss National Bank in mid-January 2015 to abolish the minimum exchange rate of the Swiss franc to the euro and to introduce negative interest rates. The multiplicity of new regulations, digitalization, and the economic situation in Europe continue to represent great challenges for the Liechtenstein banking sector.

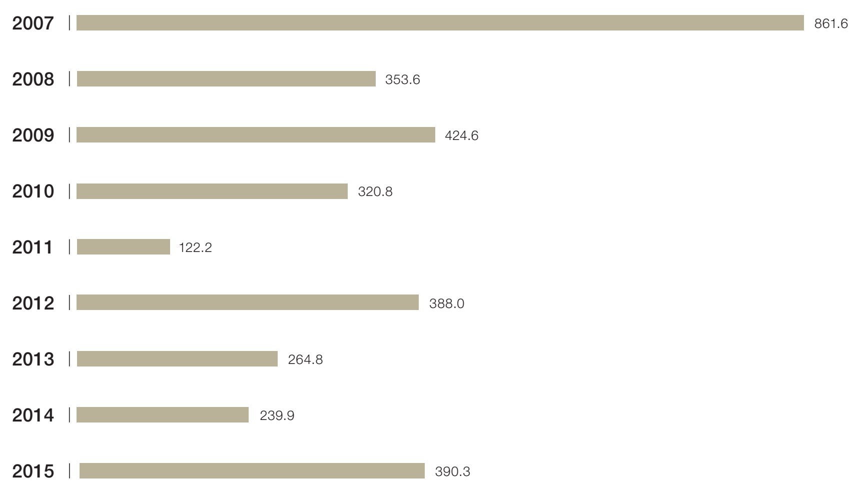


Figure 1
Result from ordinary business activities
(in million CHF)

The net inflow of new money of the Liechtenstein banks including foreign group companies amounted to approximately CHF 8.5 billion (previous year: 16.1 billion). Of that amount, CHF 3.1 billion was attributable to the Liechtenstein banks (previous year: CHF 5.8 billion). Major differences can be seen among the individual banks.

The assets under the management of the banks amounted to CHF 209.5 billion at the end of 2015 (previous year: CHF 216 billion). Of that amount, CHF 130.5 billion was attributable to the banks in Liechtenstein (previous year: 133.9 billion). The decline in assets under management by 3.0% despite net inflows of new money is due to market developments, especially exchange rate effects after the abolition of the euro minimum exchange rate by the Swiss National Bank.

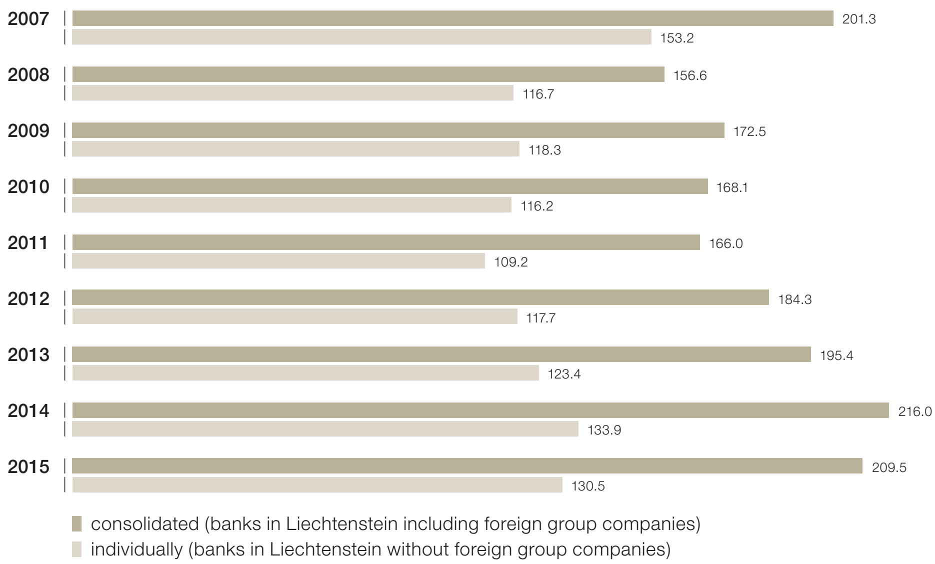


Figure 2
Assets under management (in CHF billions)

Consolidated across all banks (banks in Liechtenstein including foreign group companies), the income situation as measured by the result from ordinary business activities improved significantly, from CHF 239.9 million in 2014 to CHF 390.3 million in 2015. This represents an increase of about 62.7%. The increase was primarily due to income from financial transactions (+18.6%) and interest income (+11.8%). Income from fees and commissions rose by 5.0% over the previous year. The cost/income ratio consequently improved from 74.2% at the end of 2014 to 67.1% at the end of 2015.

The balance sheet total of the banks in Liechtenstein including foreign group companies amounted to about CHF 73.3 billion at the end of 2015, which represents a slight decrease since the previous year of 2.3%. Consolidated across all banks, liabilities to clients amounted to approximately 78.3% of the balance sheet total or CHF 57.5 billion (previous year: CHF 59.1 billion).

The average core capital (Tier 1) ratio at the end of 2015 across all banks was 21.3%. This represents an increase of about 2.5 percentage points over the previous year. These figures are based on the CRD IV provisions that entered into force at the beginning of 2015. The core capital ratio of the Liechtenstein banking centre is thoroughly solid compared with other countries. The high level of capital adequacy offers a guarantee for a stable financial centre and security for banking clients.

The financial sector in general and the banks in particular are of great importance to Liechtenstein's national economy, also in terms of their roles as employers. The number of jobs at banking institutions adjusted for part-time employment at the end of 2015 was about 2,186, which means a slight increase over the previous year. The number of jobs at banks including group companies, however, decreased slightly by 68 to 4,165 as of the end of 2015.

| | |
|---|---|
| 2013 | 2,102 |
| 2014 | 2,172 |
| 2015 | 2,186 |

Figure 3
Number of jobs at Liechtenstein banks without foreign group companies

| | |
|---|---|
| 2013 | 4,036 |
| 2014 | 4,233 |
| 2015 | 4,165 |

Figure 4
Number of jobs at Liechtenstein banks including foreign group companies

**Banks**

**Basic laws and ordinances (www.gesetze.li)**
Banking Act (BA)
Banking Ordinance (BO)

**FMA Annual Report 2015**
Supervision: pp. 16–23
Regulation: pp. 57–62

**More detailed information on licences, legal foundations, and supervision**
www.fma-li.li – Banks and investment firms

**Liechtenstein Bankers Association**
www.bankenverband.li

## 2.2 ASSET MANAGEMENT COMPANIES

The core business of asset management companies includes portfolio management and investment advisory services. They also work in securities and financial analysis as well as the acceptance and transmission of orders dealing with financial instruments. Asset management companies are not allowed to receive or hold assets by third parties. Asset management companies are also investment firms as defined by Directive 2004/39/EC.

At the end of 2015, 116 asset management companies held licences in Liechtenstein (end of 2014: 121). They employed a total of 621 employees at the end of 2015, which is 52 more than in the previous year. At the end of 2015, the asset management companies had a total of 10,673 client relationships, of which 7,477 included an asset management mandate. The companies' assets under management rose by about 6% to CHF 33.31 billion, of which CHF 21 billion or 63% (previous year: CHF 22.19 billion or 70.5%) were invested at Liechtenstein banks.

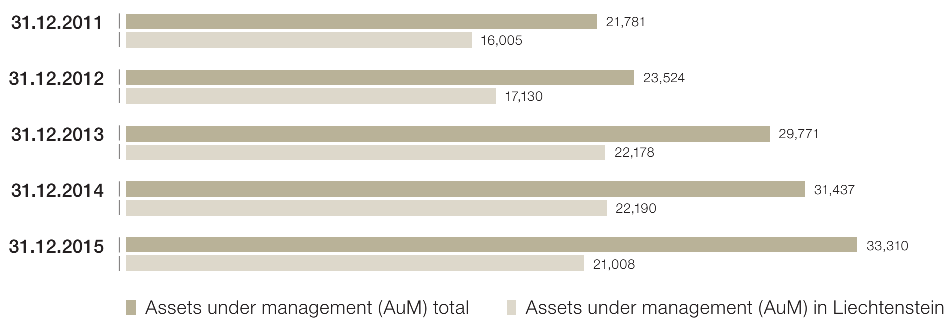


Figure 5
Development of assets under the management
of asset management companies (in million CHF)


Figure 6
Development of number of client relationships
of asset management companies

| Asset management companies | |
|---|---|
| **Basic laws and ordinances (www.gesetze.li)**<br>Asset Management Act (AMA)<br>Asset Management Ordinance (AMO) | **More detailed information on licences, legal foundations, and supervision**<br>www.fma-li.li – Asset management companies |
| **FMA Annual Report 2015**<br>Supervision: pp. 32–36 | **VuVL – Association of Independent Asset Managers in Liechtenstein**<br>www.vuvl.li |

## 2.3 INVESTMENT UNDERTAKINGS (FUNDS)

Thanks to stability and international compatibility, the Liechtenstein fund centre offers attractive framework conditions for fund providers and their products.

Taking account of liquidations and deletions, the number of Liechtenstein funds fell by a total of 22 to 510 funds as of the end of 2015 (previous year: 532). At the end of 2015, 714 subfunds/single funds were authorized (previous year: 735).

The funds were managed by a total of 16 authorization holders. Authorization holders included 15 fund managers or alternative investment fund managers (AIFMs) and one self-managing investment company. Since entry into force of the AIFM Act, a total of 12 major AIFMs and one risk manager have been licensed.

As a marketing location for foreign funds, Liechtenstein recorded a slight increase from the previous year. Taking account of mergers, non-launches, and liquidations, the number of foreign funds authorized in Liechtenstein

| | |
|---|---|
| 2009 | 618 |
| 2010 | 693 |
| 2011 | 785 |
| 2012 | 791 |
| 2013 | 779 |
| 2014 | 735 |
| 2015 | 714 |

Figure 7
Development of number of individual funds

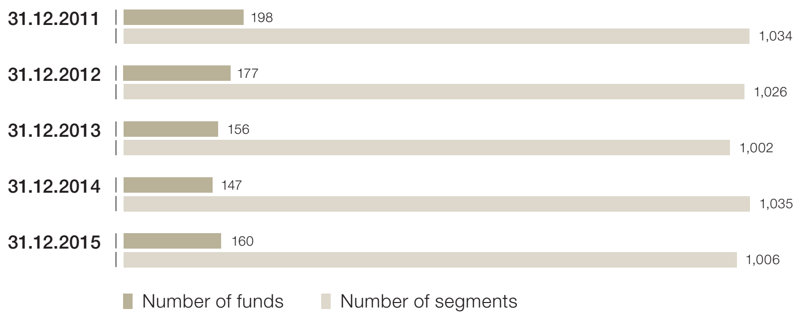


Figure 8
Number of authorized foreign funds

rose to 160 (previous year: 147) and the number of subfunds authorized for marketing fell to 1,006 (previous year: 1,035).

The net assets under management at the end of 2015 amounted to CHF 45.24 billion (previous year: CHF 46.16 billion).


Figure 9
Development of net assets under the management of funds (in billion CHF)

**Investment undertakings (funds)**

**Basic laws and ordinances (www.gesetze.li)**
Investment Undertakings Act (IUA)
Investment Undertakings Ordinance (IUO)
Law on Certain Undertakings for Collective Investment in Transferable Securities (UCITS Act)
Ordinance on Certain Undertakings for Collective Investment in Transferable Securities (UCITS Ordinance)
Law on Alternative Investment Fund Managers (AIFM Act)
Ordinance on Alternative Investment Fund Managers (AIFM Ordinance)

**FMA Annual Report 2015**
Supervision: pp. 28–32
Regulation: pp. 62–64

**More detailed information on licences, legal foundations, and supervision**
www.fma-li.li – Investment undertakings

**LAFV – Liechtenstein Investment Fund Association**
www.lafv.li

## 2.4 INSURANCE UNDERTAKINGS

Liechtenstein offers insurance undertakings direct access to the countries of the European Economic Area and to Switzerland. This is made possible by Liechtenstein's EEA membership and the Direct Insurance Agreement with Switzerland.

Life insurance, non-life insurance, and reinsurance undertakings operate in Liechtenstein. The main business of life insurers is fund-linked/unit-linked life insurance. Non-life insurers cover all relevant insurance classes. The reinsurance undertakings in Liechtenstein are captives. These are company insurance undertakings offering coverage of company insurance risks for the parent undertaking or the group.

**Development in 2015**
At the end of 2015, 21 life insurance companies, 17 non-life insurance companies, and 3 reinsurance companies operated with registered offices in Liechtenstein. 11 undertakings operated as captives, 8 of which as direct insurers and 3 as reinsurers.

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|
| Non-life insurers | 14 | 14 | 14 | 14 | 15 | 15 | 17 |
| Life insurers | 22 | 21 | 21 | 22 | 22 | 22 | 21 |
| Reinsurers | 5 | 5 | 5 | 5 | 5 | 5 | 3 |
| **Total licences** | **41** | **40** | **40** | **41** | **42** | **42** | **41** |

Figure 10
Number of insurance undertakings
(as of the end of the year)

The capital invested on the account and at the risk of policyholders as part of fund-linked or unit-linked life insurance fell from CHF 26.8 billion in the previous year to CHF 23.6 billion. Premium income of CHF 3.33 billion fell slightly compared with the previous year level of CHF 3.47 billion. Of the premiums received, CHF 2.3 billion (69%) were in life insurance, CHF 1.0 billion (30%) in non-life insurance, and CHF 46.6 million (1%) in reinsurance.

The balance sheet total of all insurance undertakings domiciled in Liechtenstein was about CHF 27.8 billion at the end of 2015 (previous year: CHF 31.0 billion). The number of people employed by the insurance undertakings rose from 555 to 596.

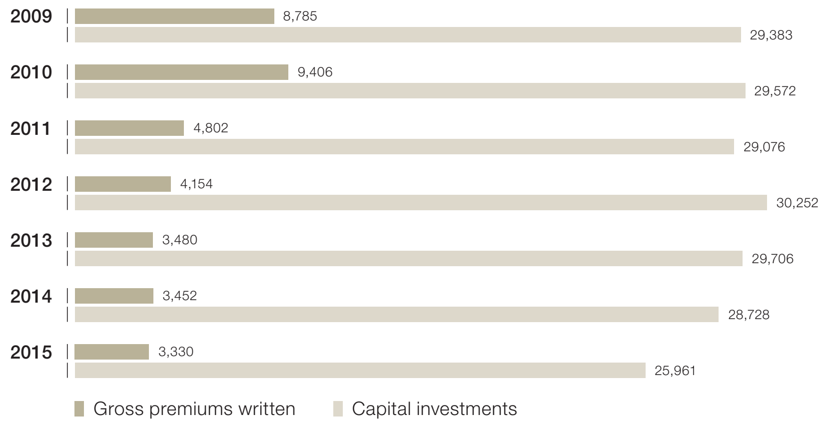


Figure 11
Development of gross premiums written and capital investments of the insurance undertakings (in million CHF)

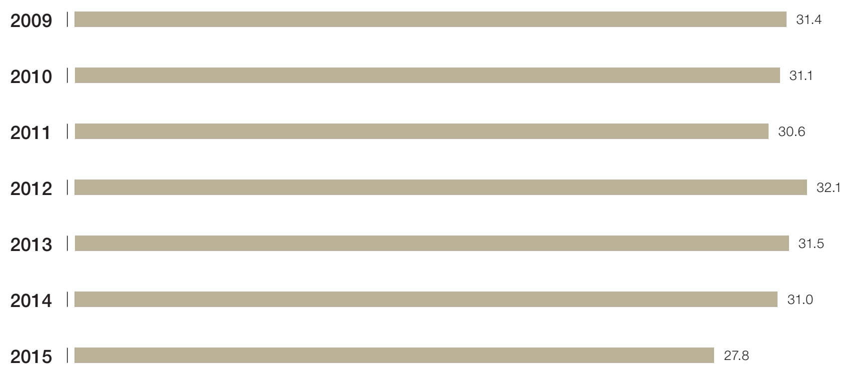


Figure 12
Development of the balance sheet total of insurance undertakings (in million CHF)

*Cross-border provision of services*
At the end of 2015, 355 insurance undertakings from various EEA countries and Switzerland had notified the FMA of cross-border provision of services in Liechtenstein via their home country authorities.

A total of 12 foreign insurance undertakings maintained a dependent branch in Liechtenstein as of the end of 2015. 10 of these had their registered offices in Switzerland.

Pursuant to the Direct Insurance Agreement between Liechtenstein and Switzerland, Liechtenstein insurance undertakings may engage in insurance business in Switzerland and vice versa, by way of either cross-border business or as an establishment. In the area of non-life insurance, the insurance business offered in Switzerland was almost exclusively by way of free movement of services. The gross premiums generated by Liechtenstein non-life insurance undertakings in Switzerland rose from CHF 143.1 million in 2013 to CHF 187.9 million in 2014. About 70% of these gross premiums were attributable to captives. In the life insurance business, the gross premiums earned in Switzerland rose from CHF 486.5 million in the 2013 fiscal year to CHF 548.2 million. 23.1% of the premiums were generated in classical life insurance, 20.3% in unit-linked and fund-linked insurance, and 56.6% in capital redemption insurance.

| | |
|---|---|
| United Kingdom | 145 |
| Germany | 542 |
| Italy | 697 |
| Liechtenstein | 41 |
| Austria | 59 |
| Sweden | 84 |
| Other EEA countries | 898 |
| Switzerland | 734 |
| Other third countries | 227 |

Figure 13
Gross premiums written in 2014
by country (in million CHF)

*Compulsory building insurance*
As of 31 December 2014, 13 insurance undertakings offered compulsory building insurance in Liechtenstein.

The fire insurance sum as of 31 December 2014 was CHF 18.9 billion for buildings (2013: CHF 18.5 billion), CHF 1.9 billion for household effects (2013: CHF 1.9 billion), and CHF 4.4 billion for other moveable objects (2013: CHF 3.9 billion). In total, the fire insurance sum in 2014 amounted to CHF 25.2 billion (2013: CHF 24.2 billion).

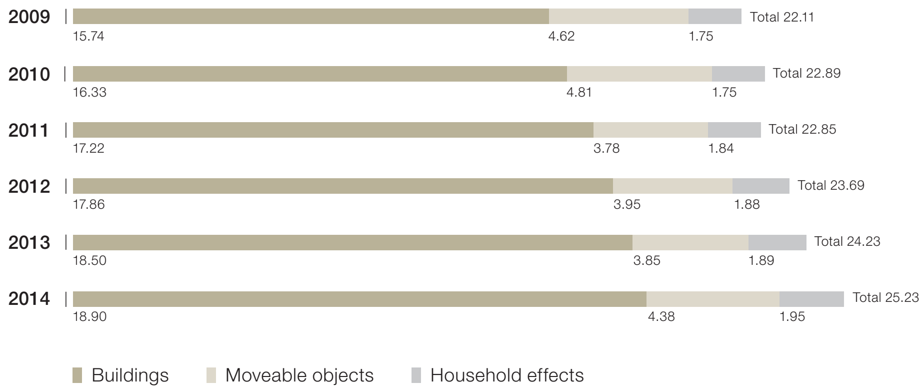


Figure 14
Fire insurance sum
of Liechtenstein buildings (in billion CHF)

The premium income for fire insurance in 2014 was CHF 10.0 million. In 2014, CHF 20.6 million in premiums were earned in compulsory building insurance in total. On the other side, claims payments in the amount of CHF 2.8 million were made (CHF 1.2 million for fire damage and CHF 1.6 million for damage from natural hazards).

**Insurance undertakings**

**Basic laws and ordinances (www.gesetze.li)**
Insurance Supervision Act (ISA)
Insurance Supervision Ordinance (ISO)
Insurance Contract Act (ICA)

**FMA Annual Report 2015**
Supervision: pp. 37 – 41
Regulation: pp. 64 – 65

**More detailed information on licences, legal foundations, and supervision**
www.fma-li.li – Insurance undertakings

**LVV – Liechtenstein Insurance Association**
www.versicherungsverband.li

## 2.5 INSURANCE INTERMEDIARIES

At the end of 2015, the FMA supervised a total of 69 licensed and registered insurance intermediaries, of which 61 were legal persons, 5 sole proprietorships, and 3 natural persons. Of the 69 registered insurance intermediaries, 59 worked as insurance brokers and 10 as insurance agents.

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Brokers | 56 | 55 | 57 | 52 | 59 |
| Agents | 13 | 10 | 10 | 11 | 10 |
| **Total licences** | **69** | **65** | **67** | **63** | **69** |

Figure 15
Registered insurance intermediaries supervised by the FMA

According to the annual reports for the 2014 fiscal year, the gross income generated by insurance mediation totalled CHF 27.0 million, of which 61% was generated in non-life insurance and 39% in life insurance.

**Insurance intermediaries**

**Basic laws and ordinances (www.gesetze.li)**
Insurance Mediation Act (IMA)
Insurance Mediation Ordinance (IMO)

**FMA Annual Report 2015**
Supervision: pp. 41 – 43

**More detailed information on licences, legal foundations, and supervision**
www.fma-li.li – Insurance intermediaries

**LIBA – Liechtenstein Insurance Brokers Association**
Internet: www.liba.li

## 2.6 PENSION SCHEMES

Pension provision in Liechtenstein is built on three pillars: Old Age, Disability, and Survivors' Insurance administered by the State (AHV/IV), mandatory occupational pension provision, and private pension provision on a supplementary basis. The first pillar aims to secure the subsistence level of the insured person and family members in the event of old age, disability, and death. In conjunction with the first pillar, the second pillar – occupational pension provision – aims to ensure that the accustomed standard of living can be maintained. The third pillar – individual pension provision – serves to close provision gaps that cannot be covered by the first and second pillars.

Occupational provision is administered by pension schemes, i.e., by autonomous legal entities subject to the Occupational Pensions Act (OPA) and supervised by the FMA.

At the end of 2015, 23 (previous year: 24) pension schemes in Liechtenstein were under the supervision of the FMA. These were 8 collective foundations (including the Liechtenstein Occupational Pensions Foundation, SPL) and 15 company pension schemes.

The funding ratio is a key indicator for assessing the financial situation of a pension scheme. The funding ratio is the ratio between the available assets and liabilities. If it is at least 100%, all liabilities can be met as of the reporting date. If the funding ratio is below 100%, this is considered a shortfall, and recovery measures must be instituted. At the end of 2015, the average funding ratio according to the second semi-annual report was 103.4%. The range was between 90.2% and 119.0%. At the end of 2015, only the SPL had a funding ratio below 100%.

The number of insured persons on 31 December 2014 was 39,840 (previous year: 38,691), of which 88% were active insured persons and 12% were retirees. In 2014, nearly 28,000 (70%) of the insured persons (active insured persons and retirees) were insured with collective foundations, while about 12,000 (30%) were insured with company pension schemes.

Occupational pension provision is funded by employer and employee contributions as well as interest and deposits. In 2014, employee contributions were CHF 138.6 million and employer contributions were CHF 175.9 million. Including special and supplementary contributions and deposits to employer contribution reserves, contributions totalling CHF 558.1 million were levied.

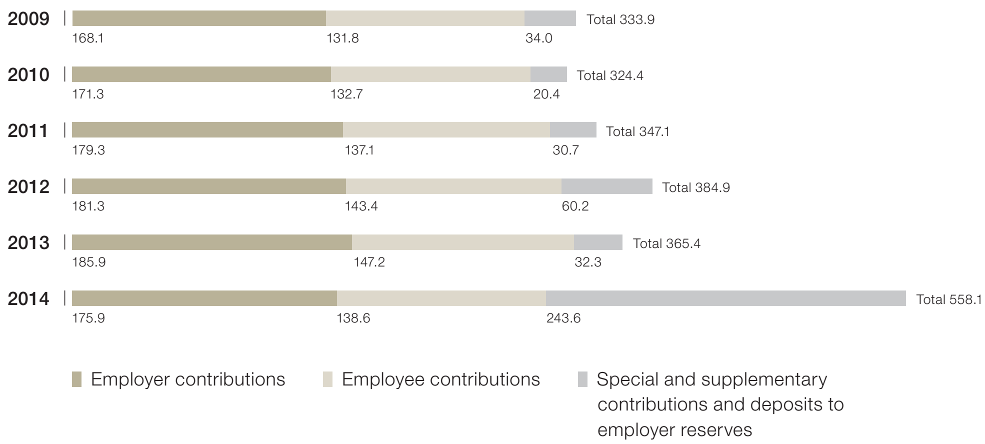


Figure 16
Development of employer and employee contributions (in million CHF)

The benefits of pension schemes under their own rules may far exceed the legal minimum. In 2014, Liechtenstein pension schemes paid benefits under their own rules in the amount of CHF 165 million. Old age pensions at 46% or CHF 76 million accounted for the largest share of benefits. Capital payments upon retirement made up 29% or CHF 48 million, while CHF 16 million or 10% of all benefits were paid out as disability benefits.

Pension capital and technical provisions as of 31 December 2014 amounted to CHF 5.28 billion (previous year: CHF 4.97 billion). Interest is paid annually on the pension capital of active insured persons and retirees. Most active insured persons are insured according to the defined contribution principle. On average, they were credited an annual interest of 2.5% in 2015, compared with 2.0% in the previous year.


Figure 17
Development of pension capital and technical provisions (in billion CHF)

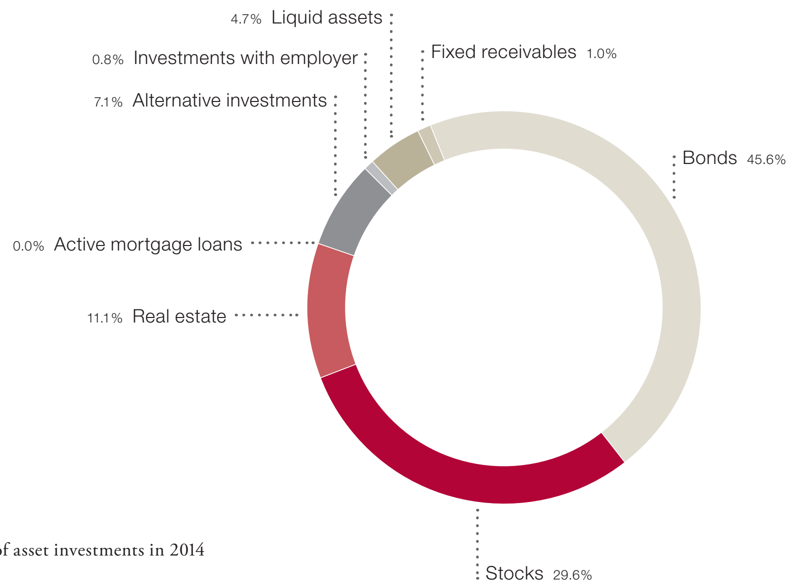


Figure 18
Distribution of asset investments in 2014
by asset class

*Vested benefits accounts*

In 2015, three banks maintained vested benefits accounts. As of 31 December 2015, there were a total of 14,980 (2014: 13,947) such accounts with managed capital of CHF 389.6 million (2014: CHF 370.0 million). The average amount of vested benefits was CHF 26,011 (2014: CHF 26,529). The interest rate on the vested benefits accounts was 0.1% in 2015.

**Pension schemes**

**Basic laws and ordinances (www.gesetze.li)**
Occupational Pensions Act (OPA)
Occupational Pensions Ordinance (OPO)
Law on Occupational Pensions of the State (OPS Act)

**FMA Annual Report 2015**
Supervision: pp. 43–45
Regulation: pp. 65–66

**More detailed information on licences, legal foundations, and supervision**
www.fma-li.li – Pension Schemes

**Liechtenstein Pension Fund Association**
www.lpkv.li

## 2.7 PENSION FUNDS

Occupational retirement provision is becoming increasingly important in Europe. Liechtenstein has thus positioned itself as an attractive location for institutions for occupational retirement provision (IORPs, pension funds) as part of its implementation of the EU's IORP Directive.

The Pension Funds Act governs the taking up and performance of the activities of pension funds. It allows pension funds to accept sponsoring undertakings from other contracting parties to the EEA Agreement, subject to the applicable provisions of labour and social law governing the design of the retirement provision systems in each country of activity. This means that where the supervisory conditions in the home member state are met, and after notification to the host member state, pension funds authorized in any EEA state can provide services in any other EEA state.

In contrast to the directives in the insurance sector, however, the IORP Directive does not envisage one-off notification of institutions. Each individual sponsoring undertaking must be notified separately to the competent authority of the host country. The Pension Funds Act also allows domestic pension funds to expand their business activities to countries outside the EEA as well.

At the end of 2015, the FMA was supervising 5 pension funds (previous year: 5). Of these 4 provided cross-border services in the EEA and in third countries. Liechtenstein is one of seven European locations (the others are Austria, Belgium, Germany, Ireland, Luxemburg, and the UK) where cross-border pension funds are domiciled.

Provisional reports indicated that CHF 105.6 million in gross premiums were earned in the 2015 fiscal year. This represents an increase of about 7% over the previous year (2014: CHF 98.6 million).

**Pension funds**

**Basic laws and ordinances (www.gesetze.li)**
Pension Funds Act (PFA)
Pension Funds Ordinance (PFO)

**FMA Annual Report 2015**
Supervision: p. 45

**More detailed information on licences, legal foundations, and supervision**
www.fma-li.li – Pension funds

## 2.8 PROFESSIONAL TRUSTEES AND TRUST COMPANIES

The activities of professional trustees include in particular the formation of legal persons, companies, and trusts, the assumption of board and management mandates under article 180a of the Law on Persons and Companies (PGR), the assumption of trust mandates, accounting and reviews, as well as financial, economic, and tax advice.

The FMA's powers include licensing, verification of permanent compliance with licensing conditions, and enforcement of supervision, including the withdrawal of licences. The FMA is also responsible for the due diligence supervision of professional trustees and trust companies.

As of 31 December 2015, the number of persons with a licence under the Professional Trustees Act was 378 (2014: 380). This number includes professional trustees with a full licence (87), professional trustees with a restricted licence (28), trust companies with a full licence (239), and trust companies with a restricted licence (24).

| | 2013 | 2014 | 2015 |
|---|---|---|---|
| Professional trustees | 65 | 76 | 87 |
| Professional trustees with a restricted licence | 21 | 29 | 28 |
| Trust companies | 254 | 251 | 239 |
| Trust companies with a restricted licence | 26 | 24 | 24 |
| **TOTAL** | **366** | **380** | **378** |

Figure 19
Professional trustees and trust companies

**Professional trustees and trust companies**

**Basic laws and ordinances (www.gesetze.li)**
Professional Trustees Act (PTA)
Due Diligence Act (DDA)
Due Diligence Ordinance (DDO)
Law on Persons and Companies (PGR)

**FMA Annual Report 2015**
Supervision: pp. 46–48
Regulation: pp. 65–66

**More detailed information on licences, legal foundations, and supervision**
www.fma-li.li – Trustees

**Liechtenstein Institute of Professional Trustees and Fiduciaries**
www.thk.li

## 2.9 PERSONS UNDER THE 180A ACT

The activities of persons under the 180a Act include the assumption of board and management mandates under article 180a of the Law on Persons and Companies (PGR).

With the entry into force of the newly created 180a Act on 1 January 2014, the scope of responsibilities of the FMA was expanded considerably, with a focus on strengthening official supervision.

At the end of 2015, 226 persons held a 180a licence (previous year: 230).

| | 2014 | 2015 |
|---|---|---|
| Persons with a licence under the 180a Act | 230 | 226 |

Figure 20
Persons under the 180a Act

**Persons under the 180a Act**

**Basic laws and ordinances (www.gesetze.li)**
Law on the Supervision of Persons under Article 180a of the Law on Persons and Companies (180a Act)
Due Diligence Act (DDA)

**FMA Annual Report 2015**
Supervision: pp. 48–50

**More detailed information on licences, legal foundations, and supervision**
www.fma-li.li – Persons according to 180a Act

**Association of Persons under Article 180a PGR**
vp180a@powersurf.li

## 2.10 AUDITORS AND AUDIT COMPANIES

As of 31 December 2015, the number of persons with a licence under the AACA was 127 (previous year: 129). This number includes auditors (37), auditors engaged in the free movement of services (40), foreign auditors established in Liechtenstein (4), audit companies (28), and audit companies engaged in the free movement of services (18).

| | 2013 | 2014 | 2015 |
|---|---|---|---|
| Auditors | 35 | 37 | 37 |
| Audit companies | 26 | 26 | 28 |
| Auditors under the free movement of services | 43 | 42 | 40 |
| Audit companies under the free movement of services | 22 | 20 | 18 |
| Auditors established in Liechtenstein | 4 | 4 | 4 |
| **TOTAL** | **130** | **129** | **127** |

Figure 21
Auditors and
audit companies

**Auditors and audit companies**

**Basic laws and ordinances (www.gesetze.li)**
Auditors and Audit Companies Act (AACA)

**FMA Annual Report 2015**
Supervision: pp. 50–52
Regulation: p. 52

**More detailed information on licences, legal foundations, and supervision**
www.fma-li.li – Auditors

**Liechtenstein Association of Auditors (WPV)**
www.wpv.li

## 2.11 PATENT LAWYERS AND PATENT LAW FIRMS

Patent lawyers and patent law firms offer professional advice and representation in the fields of intellectual property. One of the FMA's responsibilities is due diligence supervision.

As of 31 December 2015, 7 patent lawyers and 3 patent law firms held licences under the Patent Lawyers Act (PLA).

| | 2013 | 2014 | 2015 |
|---|---|---|---|
| Patent lawyers | 8 | 9 | 7 |
| Patent law firms | 3 | 3 | 3 |
| **TOTAL** | **11** | **12** | **10** |

Figure 22
Patent lawyers and patent law firms

| Patent lawyers and patent law firms | |
|---|---|
| **Basic laws and ordinances (www.gesetze.li)**<br>Patent Lawyers Act (PLA) | **More detailed information on licences, legal foundations, and supervision**<br>www.fma-li.li – Patent Lawyers |

## 2.12 OTHER FINANCIAL INTERMEDIARIES

The FMA Liechtenstein is also tasked with due diligence supervision of the following financial intermediaries:

- lawyers and law firms;
- dealers in goods;
- real estate brokers;
- other persons subject to due diligence.

**Publisher and Editors**

Financial Market Authority Liechtenstein
Landstrasse 109
P.O. Box 279
9490 Vaduz
Liechtenstein

Telephone +423 236 73 73
Fax +423 236 73 74

info@fma-li.li
www.fma-li.li

**Concept and Design**
Leone Ming Est., Intensive Brand, Schaan

The publication "Liechtenstein Financial Market" appears once a year as a supplement to the Annual Report. It is available on the FMA website. No printed version is published.

Editorial deadline: 7 April 2016