



**FMA**

Financial Market Authority  
Liechtenstein

**ANNUAL  
REPORT  
2022**



**4 SPOTLIGHT**

**6 FOREWORD**

---

**PROGRESS REPORT**

**14 SUPERVISION AND RESOLUTION**

- 15 Interest rate turnaround has significant impact on real and financial economy
- 17 Trends and risks
- 18 War in Ukraine is a challenge for the market and the FMA
- 18 Supervisory audit in the fiduciary sector
- 19 Macroprudential supervision
- 20 Licences, approvals, registrations
- 27 Ongoing supervision
- 32 Ad hoc supervision of TT service providers
- 32 Due diligence supervision to combat money laundering
- 37 International administrative assistance
- 38 Enforcement
- 44 Activities of the resolution authority
- 46 Outlook

**48 REGULATION**

- 49 Regulatory momentum continues to be high
- 50 Sanctions against Russia
- 50 European regulation of crypto markets
- 52 Strengthening stability in the banking sector
- 54 Outlook

**56 EXTERNAL RELATIONS**

- 57 Work meetings in Berlin and Munich
- 58 Brexit
- 58 Financial Stability Forum

- 62 Annual media conference: Financial sector on growth path

- 62 National cooperation
- 63 Bilateral cooperation
- 63 European cooperation
- 64 Global cooperation
- 64 Outlook

**66 ENTERPRISE AND TEAM**

- 67 Digital work is the new normal
- 70 No wage discrimination at the FMA
- 72 Digital transformation and information technology
- 73 Stakeholder survey on digital maturity
- 74 AI-assisted supervision
- 74 Corporate governance
- 75 Governance, risk & compliance
- 75 FMA funding
- 78 Development of the workforce
- 78 Educational background and nationalities
- 78 Changes and promotions
- 79 Opportunities for young talent: Professional training, trainee programme, internships, and secondments
- 80 Outlook

---

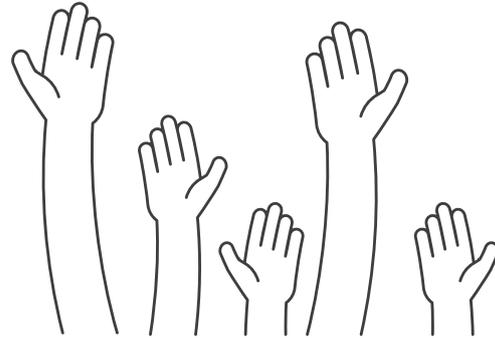
**ANNUAL REPORT AND  
FINANCIAL STATEMENT**

- 87 Annual report
- 88 Balance sheet
- 89 Income statement
- 90 Notes on the financial statement
- 94 Attestation of the Audit Office

## CORPORATE VOLUNTEERING

---

FMA employees volunteer for society. Their volunteer work includes organising [Christmas gifts for disadvantaged children](#) and helping [seniors to use smartphones](#). Employees themselves initiate these volunteer commitments – the FMA provides support.



## BEST MARKS

---

The FMA monitors compliance by financial intermediaries with legal due diligence obligations. In 2022, MONEYVAL published its evaluation report on Liechtenstein's anti-money laundering measures. MONEYVAL's intensive assessment of Liechtenstein came to a positive conclusion: Liechtenstein received high marks in the evaluation report – also compared internationally. [The report](#) confirms that Liechtenstein has a robust and comprehensive system in place to combat money laundering and terrorist financing.

10  
INTERNS

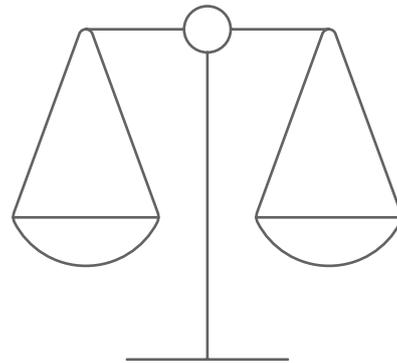
## PERFECT INTRODUCTION

---

Ten interns worked at the FMA at the end of 2022. With these internships, the FMA is making an important contribution to the training of professionals in the financial centre. Three of the interns and one apprentice talk about [their time at the FMA](#).

## EQUAL PAY

The FMA has always attached great importance to fair and gender-neutral pay. In 2022, the FMA asked the Competence Centre for Diversity & Inclusion (CCDI) of the University of St. Gallen to conduct a review of its salaries. This review also meets the request of the Liechtenstein Parliament for an external assessment of the wage situation. The result in brief: There is no pay gap between men and women at the FMA.



# 11,100 REPORTS

... were received by the FMA in 2022 via the e-Service Portal. When the portal was introduced in 2015, there were only about 100 reports.

## 120 LEGAL ACTS

Each year, 120 legal acts are adopted into the EEA Agreement and national legal systems on the basis of EEA incorporation decisions pursuant to consultation with the EU.



## ZERO TONNES

The FMA's target is to reduce its net CO<sub>2</sub> emissions to zero tonnes by 2035. This is set out in the FMA's sustainability strategy. In this way, the FMA wants to make a contribution to mitigating climate change. The FMA is working closely with experts to implement and verify the target.

After the Covid-19 pandemic, the financial sector was again confronted with a major and unexpected challenge: the war in Ukraine. In addition to the high volatility on the financial markets, the global economy was hit especially hard by the surge in energy and food prices and the associated supply shock. Once again, however, the Liechtenstein financial centre demonstrated a very high level of stability and resilience.

The FMA works closely together with financial intermediaries to ensure that this will always be the case. The FMA supplies well-founded analyses, providing the basis for a proper classification of risks and for dealing with them with the help of suitable micro- and macroprudential instruments.

Even though the economic impact of the pandemic has now been replaced by that of the war in Ukraine, developments that were triggered and accelerated by the pandemic are still being felt – including a boost to digitalisation and new forms of work. Today, FMA employees are basically able to work independently of their location. Whether in the office or from home, they now always have access to the same digital infrastructure that meets the highest standards of security.

This responds to needs expressed by employees and helps the FMA to ensure its long-term attractiveness as an employer. What also contributes to the FMA's attractiveness as an employer is that it pays fair wages

and does not discriminate against women or men. This is the conclusion of a study commissioned by the FMA and conducted by experts of the University of St. Gallen. The study also complies with a request by the Liechtenstein Parliament to review fairness in pay.

Digital and location-independent forms of work are also changing requirements for the FMA's office premises. To meet these new demands, the FMA has developed a New Work concept that includes a moderate conversion of its office space. The work will commence in 2023 as part of a pilot project.

The FMA is also heavily engaged in sustainability, which affects it at two levels. Firstly, the FMA supports the Government through regulatory projects and incorporates the new rules – such as to prevent greenwashing – into its supervisory activities. Secondly, the FMA itself is of course also called upon to act sustainably, both in the environmental and social context and also in terms of good corporate governance. To achieve these purposes, the FMA has developed a sustaina-



bility strategy, which entered into effect on 1 January 2023. The sustainability strategy complements the FMA's long-standing efforts towards greater sustainability, supported by clear and measurable targets.

A special highlight in 2022 was MONEYVAL's evaluation report on Liechtenstein's anti-money laundering (AML) measures. AML has been a focus of the FMA's work

for years. In 2019, we concentrated our AML efforts within a dedicated unit and increased staffing. The new supervisory division has proven to be efficient and effective, as has now been confirmed in the MONEYVAL report: Liechtenstein received top marks, also when compared internationally. Despite this strong result, the report includes recommendations to be implemented in the coming months and years.

Dr. Christian Batliner  
Chairman of the Board of Directors

Mario Gassner  
Chief Executive Officer

# SUSTAINABLE FMA

Also in the financial sector, sustainability is one of the most important topics of our time. For the FMA, sustainability takes on two dimensions: The role of sustainability within the scope of the FMA's supervisory activities, and the role of sustainability for the FMA as an enterprise. The first dimension is largely governed by the EU rules on sustainable finance relevant to the EEA. With regard to the second dimension, the Executive Board developed a sustainability strategy in the reporting year, which was adopted by the Board of Directors in December 2022.

The aim of the sustainability strategy is to provide a consolidated description of how sustainability issues are dealt with at the FMA. The sustainability strategy is an essential component of our corporate strategy. The FMA sustainability strategy governs responsibilities and powers, as well as monitoring and verification of the defined strategic measures. It focuses on the role of the FMA as an enterprise. The FMA's sustainability goals are based on the 17 Sustainable Development Goals (SDGs) of the United Nations. The FMA has selected the SDGs that are relevant to it as an enterprise. The sustainability strategy defines four goals:

## – Climate neutrality by 2035

The FMA will perform its tasks in a climate-neutral manner by 2035 – the CO<sub>2</sub> emissions of FMA operations will be net zero. Minimising the FMA's greenhouse gas emissions takes priority over offsetting. Only emissions that cannot (yet) be avoided, such as absolutely necessary business trips, are to be offset. Together with external experts, the FMA is examining how this goal can be achieved credibly, realistically, and effectively.

## – Avoidance of negative environmental impacts

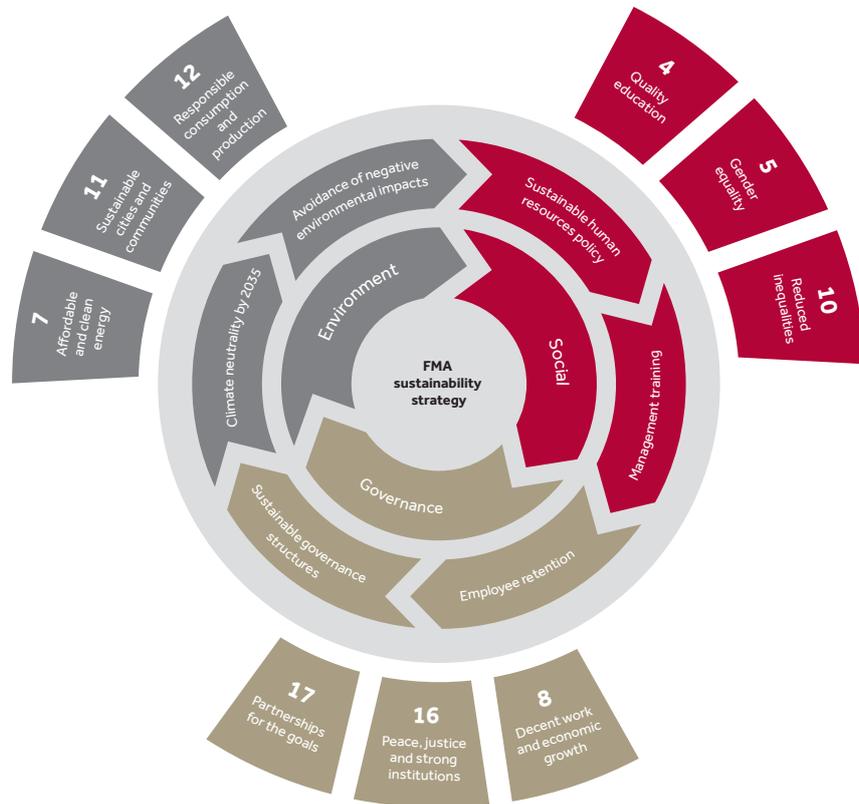
The FMA minimises negative environmental impacts. Unnecessary consumption of resources and energy is avoided.

## – Sustainable human resources policy and management

The FMA integrates sustainability throughout its human resources policy. Sustainability is an essential part of the FMA's 2022–2028 human resources strategy, which entered into effect in the previous year. The strategy includes measures such as a systematic analysis of absences and reasons for leaving, a strengthened attitude of respect and appreciation conveyed by managers, and promotion of volunteering and social work projects.

## – Sustainable governance structures

The FMA has sustainable and modern governance structures and reviews them regularly.



**Figure 1**  
FMA sustainability strategy with  
SDGs of the United Nations

These goals are based on ESG (environmental, social, governance) criteria. As a public institution, the FMA has a special responsibility towards the country's environment and society. This makes the FMA's obligation all the more important to contribute in a meaningful and effective way.

The FMA's sustainability strategy has been in effect since 1 January 2023. The Executive Board defines concrete steps for achieving the sustainability goals in the strategy's implementation planning. Employees also have the opportunity at any time to contribute ideas for further measures.

Implementation planning makes a distinction between short-, medium- and long-term goals, according to the principle of "As much as possible, as quickly as possible." Ongoing coordination and monitoring of implementation is the responsibility of the Sustainability Officer, who also periodically informs the Board of Directors.

To take advantage of synergies and share best practices, the FMA coordinates its activities with the Government, the National Administration, and other relevant stakeholders. At the international level, the FMA works together with the Network for Greening the Financial System (NGFS), of which it has been a member since the end of 2022.

The FMA will provide information on the current implementation of its sustainability strategy in each annual report.

#### KEY POINTS

#### The FMA on the way to net zero



# MONEYVAL ASSESSMENT

How effective are the measures to combat money laundering and terrorist financing in Liechtenstein? This was the focus of the fifth MONEYVAL report on Liechtenstein, which was approved and published in June 2022. The report gives both Liechtenstein and the Financial Market Authority (FMA) Liechtenstein good marks.

Liechtenstein has been actively combating money laundering and terrorist financing for decades. In doing so, Liechtenstein follows the international standards established by the Financial Action Task Force (FATF). Since 1999, Liechtenstein has been a member of MONEYVAL, a regional body of the Council of Europe, which regularly reviews its member states for implementation of the FATF standards. As part of this review, MONEYVAL evaluates the effectiveness of the national anti-money laundering (AML) and counter-terrorist financing (CFT) system. Liechtenstein's latest MONEYVAL assessment was conducted in 2021. The assessment included a two-week visit by international evaluators, who held detailed discussions with public authorities and representatives of the financial centre. One of the 11 areas assessed in the report concerned the FMA's supervision of the national AML/CFT measures. The FMA prepared extremely comprehensive documentation (Technical Compliance Questionnaire and Effectiveness Questionnaire) – totalling more than 400 pages – for the attention of the evaluators in advance. During the onsite visit, the assessors inter-

viewed more than 20 FMA employees in nine intensive meeting rounds.

The assessment included a detailed analysis of the FMA's risk understanding, regulatory foundations, defensive arrangements, organisation, processes, measures, and use of resources, with the aim of assessing the effectiveness of the contribution of the FMA as the competent supervisory authority for combating money laundering and terrorist financing.

---

**Liechtenstein received high marks in the evaluation report – also compared internationally.**



*In more than 320 pages, MONEYVAL presented its assessment of the implementation of measures against money laundering and terrorist financing in Liechtenstein in the spring of 2022.*

MONEYVAL's intensive assessment came to a positive conclusion: Liechtenstein received high marks in the evaluation report – also compared internationally. The report confirms that Liechtenstein has a robust and comprehensive system in place to combat money laundering and terrorist financing. With regard to the FMA's supervisory work, the final report positively highlights that the FMA has been conducting consistent risk-based supervision since 2018 and has developed a good understanding of risk and strong control mechanisms in all sectors. According to the assessment, the supervisory system is suitable for its task, and its processes are efficient.

The positive result also means that Liechtenstein – including the FMA – does not have any extraordinary reporting obligations vis-à-vis MONEYVAL; only a regular follow-up report will be due in two to three years. Despite this strong result, the report also outlines potential for improvement and makes several recommendations to further improve the national AML/CFT system in Liechtenstein.

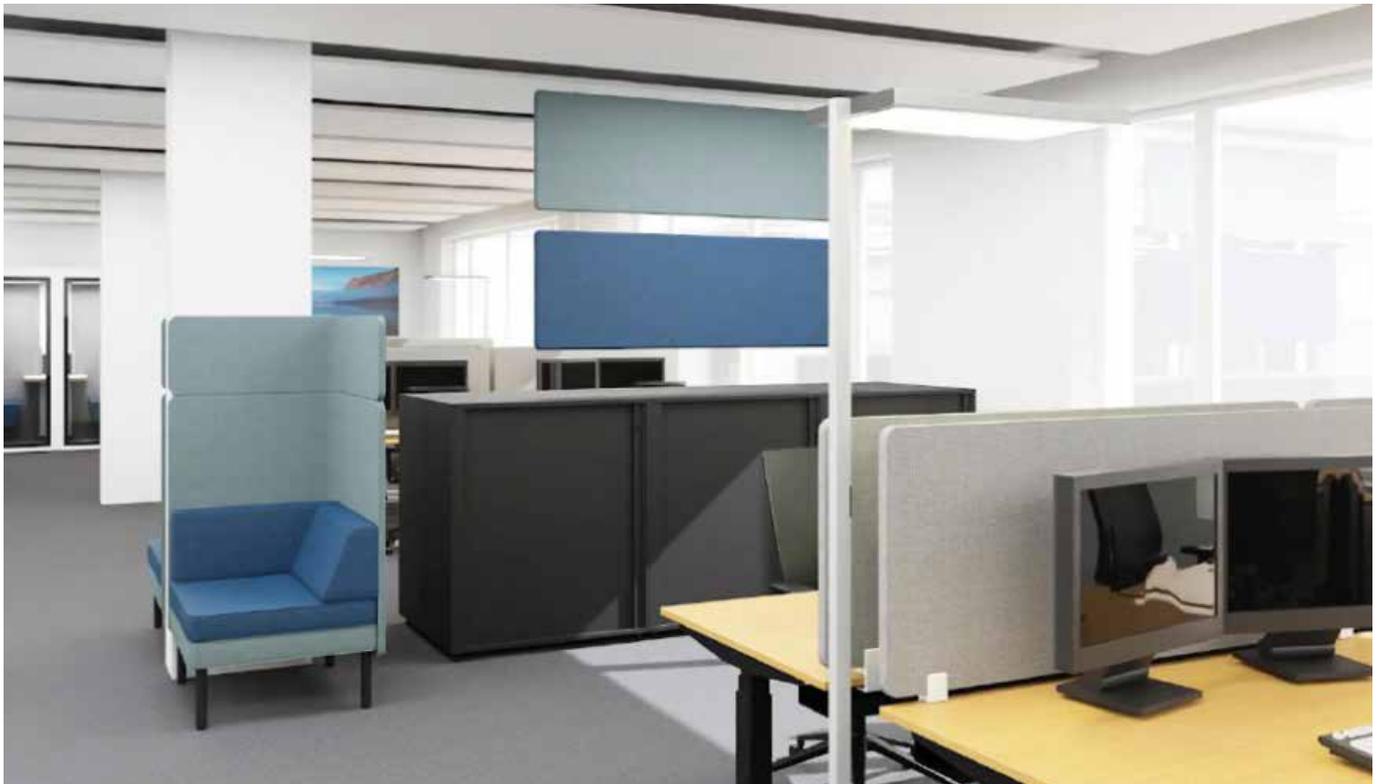
The FMA has reviewed these recommendations. Given the high reputational risks in the financial sector – which can be triggered by a single incident – the FMA will continue to work on improving its processes. The developments that have already been initiated and those that are still ongoing must be pursued rigorously. There is additional need for action, especially in intensifying direct inspection activities at financial intermediaries in the medium-high and high risk segments; this means that the number and frequency of due diligence inspections in these segments must be increased.

# NEW, MORE COLLABORATIVE WAYS OF WORKING

In light of digitalisation and societal changes, the working world has been undergoing a major transformation for several years now. The Covid-19 pandemic accelerated this change, causing companies to take a closer look at more flexible working models that include new forms of collaboration and communication as well as more attractive working conditions.

Already in its 2015 human resources strategy, the FMA set out to offer employees modern working conditions. The new FMA human resources strategy for 2022 to 2028 now also provides for adjustments to the FMA's premises. The redesigned offices are intended to accommodate future forms of work, ensuring the attractiveness of the FMA as an employer. The available space is to be used in an optimal way, enhancing efficiency and designed so that employees enjoy working in their office environment. The redesign encourages collaborative and cross-divisional work. By redesigning its offices, the FMA can also ensure that the available space will continue to be sufficient. Given the growth in the FMA's workforce in recent years, the old configuration of the office space was reaching its limits.

During the reporting year, the FMA further developed its New Work concept. The project group took up the needs of FMA employees and was supported by experts in advancing the concept. The concept will be implemented in a pilot area of the premises in 2023, generating experience that can then be incorporated into the further conversion phases. This new approach to work requires that employees are constantly involved in the change process and can help shape it. The new office premises will have an open design with different zones: Focus zones for concentrated individual work, team zones for meetings, and project zones for collaborative work. The fourth zone is the employee's home office. The four zones are designed to ensure that the right working environment is avail-



The new working world in the offices of the FMA.

able for each activity. There are zones for quiet and focused activities, along with zones that promote exchange and cooperation. Finally, the ability to work from home or other locations makes it possible to support the individual needs of each employee by providing the best possible work environment.

---

## THE FOUR ZONES OF THE NEW WORK CONCEPT

### Focus zone

- Focused work at ergonomic workstations with standard equipment
- Deep work workplaces for complete silence
- Desk sharing

### Team zone

- Open spaces for scheduled and unscheduled meetings
- Enclosed spaces for formal meetings
- Partial acoustic and visual shielding
- Phone boxes for longer calls

### Project zone

- Closed project spaces for interdisciplinary projects that can be used for a certain period of time

### Working from home / Remote work

---

#### LEARN MORE

**Interview with Martin Schädler on the "10 vor 10" news programme in May 2021**



PROGRESS REPORT

# SUPERVISION AND RESOLUTION

Against the backdrop of the sharp rise in inflation and the unexpected Russian war of aggression against Ukraine, the global outlook deteriorated considerably for both the real economy and the financial markets over the course of 2022. The FMA set a focus in its supervisory work on ICT and cyber risks, as well as risks in the real estate and mortgage markets. During the reporting year, a supervisory audit was conducted on the basis of the Audit Guideline on the Trustee Act for the first time. The evaluation of the more than 180 audit reports showed that the intended objectives were largely achieved. In its role as the national resolution authority, the FMA's responsibilities include ensuring the resolvability of banks domiciled in Liechtenstein and, if necessary, also setting appropriate resolution measures. In 2022, the FMA developed three group resolution plans for the systemically important banking groups and seven resolution plans for smaller financial intermediaries.

## INTEREST RATE TURNAROUND HAS SIGNIFICANT IMPACT ON REAL AND FINANCIAL ECONOMY

---

Against the backdrop of the sharp rise in inflation rates and the unexpected Russian war of aggression against Ukraine, the global outlook deteriorated considerably for both the real economy and the financial markets over the course of 2022. Inflation increased enormously in major economies due to pandemic-related supply shortages, an economic boom with record-low unemployment rates, and strongly rising energy prices (Figure 2). The war in Ukraine further exacerbated these developments. While central banks were initially reluctant to tighten monetary policy, arguing that the surge in inflation was temporary, it became clear over the course of the year that a strong and decisive monetary policy response was needed to combat inflation. Already in the reporting year, the abrupt rise in interest rates led to significant cooling of the global economy, strong corrections on the bond and equity markets, and increasing vulnerabilities and credit risks on the real estate markets.

Given rising inflation, rising interest rates, and the slowdown in economic growth, the financial stability outlook has also become gloomier. The rise in nominal and real interest rates last year may represent an abrupt end to the long-term downward trend that started about 40 years ago (Figure 3). Falling interest rates in recent years and decades favoured real economic growth, but also developments on the bond and equity markets, which posted strong price gains since the global financial crisis as a result of record low interest rates. This environment has now changed significantly, given the strong rise in inflation. The tightening of financing conditions is not only associated with increasing risks on the financial markets, but also has a strong impact on non-financial businesses, households, and financial intermediaries.

The Liechtenstein economy weakened over the course of the year. The KonSens economic indicator – published quarterly by the Liechtenstein Institute – had already been negative since the beginning of the year and fell further over the course of the year to a value of –1.2 in the third quarter, signalling below-average growth. Direct exports in the reporting year also fell below the previous year's levels. Due to its strong export orientation, the development of the Liechtenstein economy continues to be heavily dependent on global economic developments. The interest rate turnaround has also increased vulnerabilities in the real estate and mortgage markets overall. Nevertheless, the acute risks in the household sector are considered to be lower in Liechtenstein than in other countries, given the growth in real estate prices in recent years, the high share of fixed-interest loans, the affordability calculation performed whenever mortgages are granted, and the high resilience of the banking sector. In the medium to long term, however, the risks are higher, given that household debt is among the highest in Europe. If interest rates are persistently high, this increases financial stability risks.

While the Liechtenstein financial sector once again demonstrated its high resilience during the turbulences of the past year, Liechtenstein was not immune to the worldwide developments. The interest rate turnaround poses challenges for financial intermediaries, but it could also offer new opportunities. In the banking sector, Tier 1 capital ratios declined noticeably in the first half of the year – especially due to the price corrections on the financial markets, but also against the backdrop of regulatory changes and acquisitions abroad. Despite the difficult global conditions, the profitability of domestic banks developed very positively, and the previous year's already strong results were exceeded. Nevertheless, strengthening structural efficiency and ensuring the profitability of the banking sector will remain a key challenge for the



coming years. The rise in interest rates, which should be accompanied by increasing interest margins, could offer banks an opportunity to sustainably improve their cost/income ratios. Despite the decline in capital ratios, capitalisation of the banking sector is high compared with the European average, which is an absolutely key advantage of the Liechtenstein financial sector given the current uncertainty.

In the insurance sector, the recent structural shifts continued during the reporting year. While non-life insurance recorded sustained strong growth, the share of life insurance in gross premiums written has declined steadily in recent years. Insurance undertakings have suffered losses in their bond portfolios in the context of rising interest rates, but the impact on solvency ratios is not straightforward, given that liabilities also react strongly to changes in interest rates. Solvency ratios indeed remained largely stable last year. The fund sector continued its growth trajectory, with alternative investment funds (AIFs) recording especially strong growth.

Pension schemes, on the other hand, were directly affected by the unfavourable developments on the financial markets. Against the backdrop of the significant decline in funding ratios, the downward trend in conversion rates is likely to continue in the coming

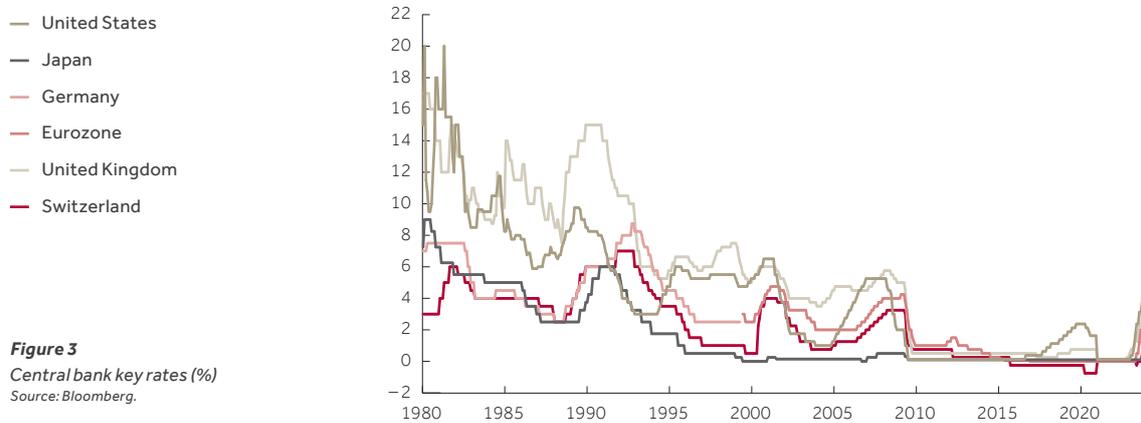
years. At the same time, the interest rate turnaround could provide pension schemes with an opportunity to generate positive returns again in the bond market in the coming years, stabilising or even improving their funding ratios.

Overall, the Liechtenstein financial sector is stable, and systemic risks are assessed as limited. At the same time, global risks and vulnerabilities have increased significantly in an environment of rising geopolitical tensions and financial turbulence. In times of greater uncertainty, the high capitalisation and resilience of the financial sector are crucial to ensuring the continued high stability of the financial sector.

#### LEARN MORE

### Macroprudential assessment of 2022





## TRENDS AND RISKS

Each December, the FMA publishes its priorities of supervision for the following year. These are based on a prior assessment of trends and risks, which are summarised below.

**Market development:** After a strong recovery phase, the global economy lost growth momentum over the course of the year. Leading indicators point to a sharp slowdown in economic growth and rising risks of a global recession. Inflation has reached highs not seen for half a century. Central banks in the United States, the Eurozone, and Switzerland massively raised key interest rates several times in 2022. This represents a turnaround in the long-lasting low interest rate environment. The markets are anticipating further interest rate hikes by the central banks, with interest rates not expected to peak until sometime in 2023. Against this background, equity and bond markets fell sharply over the course of 2022, with a corresponding impact on financial market participants. The different levels of inflation and of interventions by central banks, with varying timing and magnitude, have been reflected in the high volatility of exchange rates. The US dollar appreciated against most currencies, with the Swiss franc losing only a little ground and appreciating against most other currencies. The strong Swiss franc is in

the interest of the Swiss National Bank (SNB), given that this helps to ensure price stability in the current environment. Leveraged instruments continue to be used in the financial sector. As recent examples have shown, these additionally increase the vulnerability of financial markets in times of high volatility.

**Money laundering:** The focus on international clients offers Liechtenstein financial market participants many opportunities, but it also entails risks due to the persons and countries involved and the increasing complexity of business relationships. These risks include, in particular, money laundering risks. The FMA continues to assess the money laundering risk as high. The use of offshore companies and complex structures increases the risk. Violations of supervisory law and rules may result in significant sanctions and reputational damage for financial institutions both abroad and in Liechtenstein. The FMA recently identified several violations of money laundering provisions by various participants in the Liechtenstein financial centre.

**Environmental, social, and governance (ESG) risks:** The financial sector plays a key role in the implementation of climate targets. The Financial Services Sustainability Implementation Act (FNDG), which entered into force on 1 May 2022, transposes the EU Disclosure Regulation and Taxonomy Regulation into Liechten-

stein law. Firstly, disclosure affects financial intermediaries at the enterprise level – their sustainability strategy and sustainability risks must be clearly presented. Secondly, financial intermediaries are also required to implement disclosure at the product level by taking sustainability into account in product design and product description. Implementation of the new legal requirements poses a significant challenge for intermediaries and the financial centre as a whole. Implementation also involves risks, especially given that certain implementation details have not been clarified conclusively. Greenwashing represents a particular risk.

**ICT and cyber risks:** The use of information and communication technologies (ICT) by financial institutions and their clients has increased strongly in recent years. The clear upward trend of successful cyberattacks highlights the vulnerability of these digital technologies, however. The war in Ukraine has also made it clear that attacks on infrastructures represent a key risk. Liechtenstein and its financial centre have recently also not been immune from cyberattacks. Specific incidents show that both large institutions and smaller companies are being targeted by cybercriminals. Cyber incidents constitute a systemic risk to the financial system, with the potential to severely impact critical financial services and operations. Typically, they lead to significant financial losses and reputational damage.

### **WAR IN UKRAINE IS A CHALLENGE FOR THE MARKET AND THE FMA**

Especially in the first half of the year, the FMA dealt with the challenge of the war in Ukraine. For one, numerous EU sanctions packages had to be implemented in Liechtenstein. But these sanctions packages and the market turbulence resulting from the war also had an impact on the Liechtenstein financial sector and on the supervisory activities of the FMA. All supervisory divisions took measures to track and

address exposure, impact, compliance with sanctions, and short- and medium-term risks for the market. In-depth evaluations and market surveys were conducted. The war in Ukraine was also included as part of a risk-based approach in management meetings with financial intermediaries. Overall, Liechtenstein financial intermediaries exhibited moderate exposure to Russia across all sectors. Given this moderate exposure, the direct risk for Liechtenstein intermediaries was also comparatively low. Intermediaries were more strongly affected by the impact of the war in Ukraine on the financial markets, however. The FMA also addressed these risks in the management meetings. In the banking sector, the risk capacity of the banks was examined and ensured on the basis of a hard stress scenario.

### **SUPERVISORY AUDIT IN THE FIDUCIARY SECTOR**

The 2020 revision of the Trustee Act (TrHG) established ongoing supervision of professional trustees in Liechtenstein. The revision aimed to ensure quality in the fiduciary sector, to strengthen client protection, trust in the fiduciary sector, and international recognition, and to preventively counter abuses. To achieve these aims, professional duties were introduced by law in the areas of governance, internal control, risk management, financial soundness, conflicts of interest, accounting, and reporting. At the same time, the FMA was granted new and effective supervisory tools and powers, creating ongoing supervision of professional trustees and trust companies. On 6 July 2021, the Audit Guideline on the Trustee Act (FMA Guideline 2021/4 – RPR-TrHG) entered into force, which had been prepared jointly with the Liechtenstein Institute of Professional Trustees and Fiduciaries and the Liechtenstein Association of Auditors. It sets out the duties of auditors in carrying out the newly introduced annual supervisory audit of professional trustees and trust companies. A first supervisory audit on the basis of

the RPR-TrHG was carried out in the reporting year for the 2021 financial year. This audit took into account the heterogeneity of the sector and the varying size of the companies. The FMA's evaluation of the more than 180 audit reports based on the RPR-TrHG showed that the envisaged goals were largely achieved. Thanks to substantial efforts within the fiduciary sector in recent years, a good understanding of risk and comprehensive availability of the necessary risk tools (ICS, client risk, business risk) were noted. The effectiveness of the tools will be assessed in more detail as part of the 2023 audit. The new rules on accounting and auditing had an especially positive impact. This enabled the FMA to gain a picture of each market participant in terms of financial soundness, showing that – with few exceptions – their financial situation is healthy. In the case of the exceptions, measures were taken to restore a lawful state of affairs in a timely manner. In a few cases, the process of remedying deficits proved to be complex. Nevertheless, the quality of the fiduciary sector has been noticeably improved thanks to the revision of the Trustee Act, and client protection has been enhanced significantly.

## **MACROPRUDENTIAL SUPERVISION**

The financial crisis showed that – alongside the microprudential perspective, which focuses on the stability of individual institutions – macroprudential supervision is also necessary. Macroprudential supervision helps to protect the stability of the financial system as a whole, in particular by strengthening the resilience of the financial sector and reducing the accumulation of systemic risks.

Responsibility for macroprudential policy and supervision is divided among several actors in Liechtenstein. Because Liechtenstein does not have its own central bank – which is primarily responsible for financial market stability in other countries – the FMA assumes responsibility for the stability of the financial sector

pursuant to Article 4 FMAG. To strengthen financial market stability and reduce systemic and procyclical risk, a Financial Stability Committee (FSC) was established in 2019, composed of representatives of the Ministry of General Government Affairs and Finance and the FMA. By recommending macroprudential measures and issuing risk warnings, the FSC can initiate supervisory measures or amendments to ordinances or laws. The deliberations and discussions in the FSC are based on the financial stability analyses and expert opinions of the FMA.

Macroprudential supervision continued its extensive programme in 2022. With the implementation of the new EU Capital Requirements Directive (CRD V) in May 2022, the sectoral systemic risk buffer – which had already been recalibrated in 2021 – and the capital buffer for other systemically important institutions (O-SIIs) entered into force. Macroprudential supervision also intensively addressed the risks of high household debt and related vulnerabilities in the domestic real estate and mortgage markets. Given that unsustainable developments in real estate markets can have serious consequences for financial stability and the economy as a whole, the European Systemic Risk Board (ESRB) completed a systemic assessment of medium-term risks in the residential real estate sector at the beginning of 2022. In this context, the ESRB also issued a risk warning for the Liechtenstein residential real estate sector and proposed strengthening the existing borrower-based measures. This risk assessment by the ESRB confirms earlier analyses by the FMA. Macroprudential supervision in Liechtenstein has developed a number of proposals to address the identified risks. Implementation of these proposals is now underway. In addition to improving data availability, risk awareness is to be promoted on both the lender and borrower side. In the interest of strengthening income-based macroprudential instruments, the FMA is working closely with the Liechtenstein Bankers Association and the systemically important banks in a working group, with

the goal of proposing viable solutions for addressing the risks. Presentation of these proposals is scheduled for 2023.

Work in connection with the recommendations and warnings of the ESRB continued in the reporting year. In addition to its active participation in the ESRB bodies, the FMA has also further strengthened its cooperation with other central banks.

The Financial Stability Report, which illuminates systemic risks in the entire Liechtenstein financial sector, also makes an important contribution to financial market stability. In addition, the quarterly National Economic Monitor on international economic and financial market developments draws attention to the development of systemic risks in the Liechtenstein financial sector. Alongside the publications of the risk warnings and recommendations, this contributes to strengthening the risk awareness of market participants.

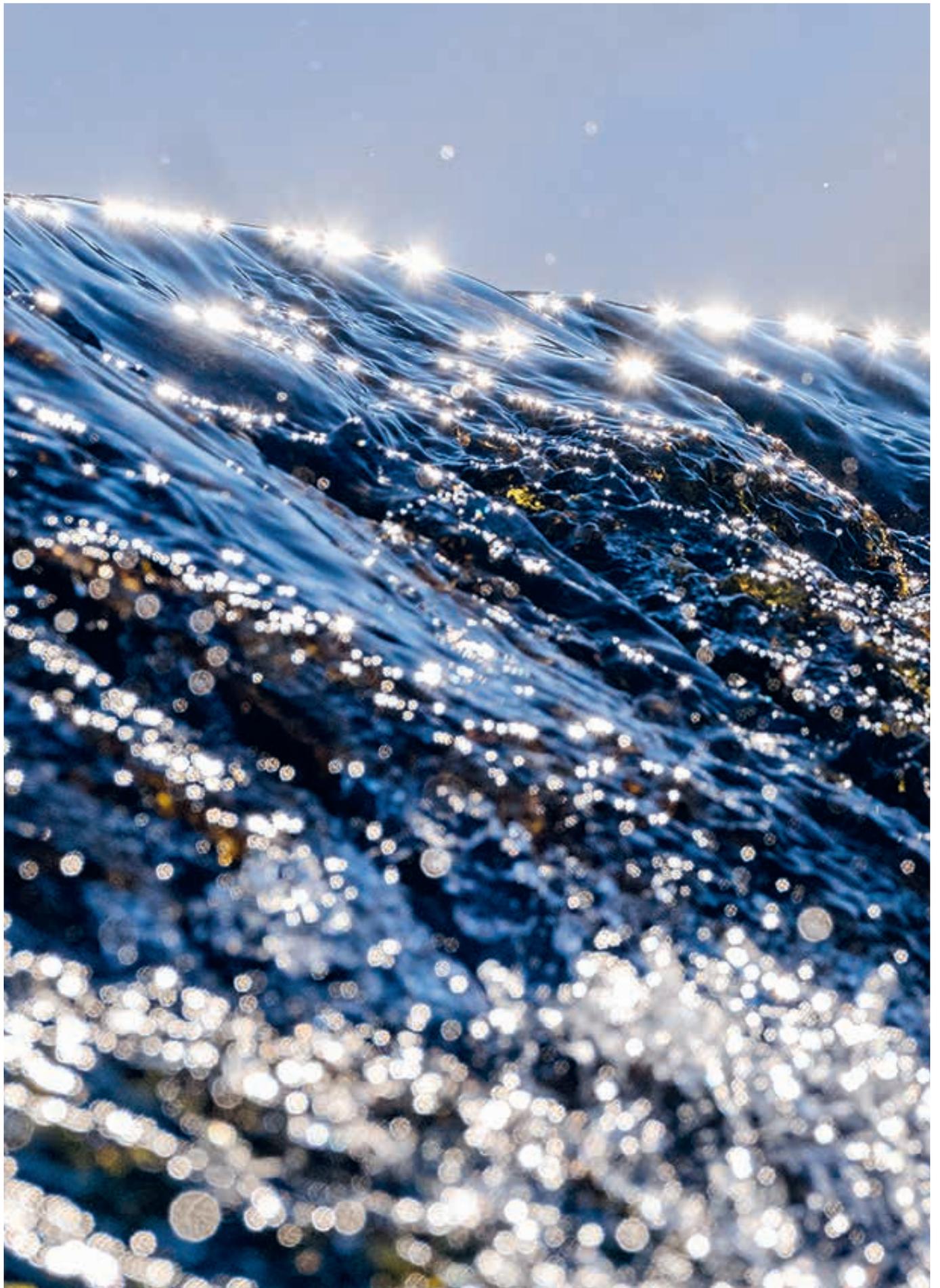
## LICENCES, APPROVALS, REGISTRATIONS

the provision of financial services in Liechtenstein requires a licence issued by the FMA. The rules governing entry to the financial market should be understood primarily in terms of client protection. The focus is on ensuring the high quality of market participants and the seriousness of transactions. The licence is both a mark of quality and a preventive control instrument of the Financial Market Authority. The FMA not only issues licenses, however, but also monitors ongoing compliance with the licensing requirements. In the event of changes to a licensed financial intermediary, the financial intermediary is required to notify the FMA immediately. Changes subject to notification and approval include, for example, changes to the general management or the board of directors, changes to qualifying holdings, or a change of auditor. If licensing

conditions are not met on a permanent basis, the FMA will withdraw licences where necessary.

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. 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. The Token and TT Service Provider Act (TVTG) creates legal certainty in this area. There was particular interest in registration as token issuers, as TT exchange service providers, and as token depositaries. At the end of 2022, registration applications from 14 companies for a total of 31 roles under the TVTG were being evaluated. The Regulatory Laboratory of the FMA is the contact point for questions regarding the obligation to register business models involving financial technologies. During the reporting year, it received a total of 109 enquiries from the market (previous year: 124). The majority of these involved issuing activities. The examination of due diligence concepts to combat money laundering plays an important role in the registration of TT service providers. With the enactment of the TVTG, the FATF recommendations were implemented providing for due diligence supervision of such services. Due to the technological complexity of the business models, the examination of the due diligence concepts has proven to be time-consuming.

In the reporting year, the number of licensed insurance companies decreased by one. The number of licensed asset management companies declined further: 94 companies (previous year: 98) still held a licence at the end of the year. A decrease in numbers due to consolidation can also be observed in the fiduciary sector.



Valuenabach Steg

The Liechtenstein fund centre continues to grow. This is also reflected in a record number of applications for licences and changes in the fund sector. The main focus was on implementation of ESG investment strategies and alignment with the new EU sustainability rules. Overall, the demand for ESG funds in Liechtenstein is very high, as it is throughout Europe. The market segment is growing exponentially.

After the FMA granted the first licence to a payment institution in Liechtenstein in 2021, nothing changed in this regard in the reporting year – the number of licensed institutions is still one. Payment institutions are permitted to provide payment services in accordance with the Payment Services Act (ZDG) as well as ancillary activities on a commercial basis throughout the EU single market. These services include deposit and withdrawal transactions, management of a payment account, financial transfer transactions, account information services, and payment initiation services.

### 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. Securities prospectuses are reviewed by the FMA for completeness, coherence, and comprehensibility. Securities prospectuses are intended to eliminate information asymmetries between investors and issuers. The number of approved prospectuses in the reporting year was 38 (previous year: 30). Demand for prospectus approvals continues to be high. In the vast majority of cases, the approvals concern ordinary bond issues. FinTech-based issues continue to be the exception and declined in the reporting year. In general, the FMA is observing a partial shift to the non-regulated sector below the threshold prescribed by law (EUR 8 million over a period of 12 months or the equivalent in CHF).

### Registrations under the TVTG

In 2022, the FMA received registration applications from 14 companies for a total of 31 roles under the TVTG. In the end, seven of these companies were registered for a total of 10 roles. Seven other companies withdrew their applications during the review phase, deciding not to perform the envisaged service after all or not yet. Three of those companies then announced that they would completely revise their applications and resubmit them. Over the course of the year, two companies renounced their existing registrations, given that they had not carried out the envisaged activity. 22 service providers were registered in the TT service providers register at the end of 2022. They provide services as TT exchange service providers (12), token depositaries (11), token issuers (9, including 6 own issuers), token generators (8), TT identity service providers (3), TT price service providers (2), TT key depositaries (2), and physical validators (1). The roles of TT protector, TT verifying authority, and TT agent services have not yet been applied for or registered.

Four of the registered companies have not yet taken up their activities. By law, this must happen within one year of the registration being granted, otherwise the registration expires. In justified cases, however, the FMA may – and in fact does – extend this deadline.

#### LEARN MORE

#### The development of the FinTech sector



Financial market participants and products supervised by the FMA	2021	2022	Market entries 2022	Market exits 2022
<b>Banking, payment services, and asset management</b>				
Banks	12	12	0	0
Investment firms and asset management companies	98	95	4	7
Payment institutions	1	1	0	0
Electronic money institutions	3	2	0	1
Postal institutions*	1	1	n/a	n/a
<b>Insurance and pensions</b>				
Insurance undertakings	33	32	0	1
Insurance intermediaries	57	52	3	8
Pension schemes	17	16	0	1
Pension funds	3	3	0	0
<b>Fund sector</b>				
<i>Investment Undertakings Act (IUG)</i>				
Management companies	3	2	0	1
Domestic investment funds+	19	15	0	4
<i>Law concerning specific undertakings for collective investment in transferable securities (UCITSG)</i>				
Management companies	13	14	1	0
Undertakings for collective investment in transferable securities (UCITS) (funds)+	221	219	10	12
<i>Alternative Investment Fund Managers Act (AIFMG)</i>				
Large alternative investment fund managers	16	17	1	0
Risk managers	1	1	0	0
Selling agents	1	1	0	0
Alternative investment funds (AIFs)+	316	326	35	25
<b>Fiduciary sector</b>				
Professional trustees	139	136	8	11
Trust companies	229	217	4	16
Persons with a licence under the 180a Act	208	204	8	12
<b>Auditing</b>				
Auditors	45	47	5	3
Audit firms	24	23	0	1
<b>Patent law</b>				
Patent lawyers	5	5	0	0
Patent law firms	4	5	1	0
<b>TT service providers</b>				
Registered TT service providers	18	22	6	2
Services under the TVTG (roles)	39	48	11	2
<b>Deposit guarantee and investor compensation</b>				
Protection schemes	1	1	0	0
<b>Securities prospectuses</b>				
Approved prospectuses+	30	29	n/a	n/a
<b>Others</b>				
Casinos**	4	6	3	1

**Table 1**  
 Financial market participants and products supervised by the FMA as of the end of the year

\* The FMA mainly exercises due diligence supervision  
 \*\* Licensed by the Office of Economic Affairs  
 + Products

<b>Financial market participants under the free movement of services</b>	<b>2022</b>	<b>2021</b>
Free movement of services of EEA banks	252	206
Free movement of services of EEA investment firms	649	634
Free movement of services of EEA payment institutions	201	183
Free movement of services of electronic money institutions	167	145
Free movement of services from EEA-regulated markets	16	16
Free movement of services of EEA and Swiss insurance companies	334	337
Branches of Swiss insurance undertakings	18	18
Free movement of services of EEA investment undertakings	902	682
Free movement of services of EEA management companies	97	90
Investment undertakings with third-country market authorisation	25	25
Auditors engaged in free movement of services	40	36
Auditor firms engaged in free movement of services	16	16
Patent lawyers engaged in free movement of services	3	2
Patent law firms engaged in free movement of services	0	1

**Table 2**  
*Financial market participants under the free movement of services as of the end of the year*

<b>Category</b>	<b>Number of changes</b>	<b>Main changes</b>
Banks	37	<ul style="list-style-type: none"> <li>– General management</li> <li>– Board of directors</li> <li>– Qualifying holding</li> <li>– Delegations</li> </ul> <ul style="list-style-type: none"> <li>– Articles of association</li> <li>– Auditor</li> <li>– Name</li> </ul>
Investment firms	1	<ul style="list-style-type: none"> <li>– General management</li> <li>– Board of directors</li> <li>– Qualifying holding</li> <li>– Delegations</li> </ul> <ul style="list-style-type: none"> <li>– Articles of association</li> <li>– Auditor</li> <li>– Name</li> </ul>
Payment institutions	2	<ul style="list-style-type: none"> <li>– General management</li> <li>– Board of directors</li> <li>– Qualifying holding</li> <li>– Delegations</li> </ul> <ul style="list-style-type: none"> <li>– Articles of association</li> <li>– Auditor</li> <li>– Name</li> </ul>
Electronic money institutions	5	<ul style="list-style-type: none"> <li>– General management</li> <li>– Board of directors</li> <li>– Qualifying holding</li> <li>– Delegations</li> </ul> <ul style="list-style-type: none"> <li>– Articles of association</li> <li>– Auditor</li> <li>– Name</li> </ul>
Asset management companies	60	<ul style="list-style-type: none"> <li>– General management</li> <li>– Board of directors</li> <li>– Qualifying holding</li> <li>– Delegations</li> </ul> <ul style="list-style-type: none"> <li>– Articles of association</li> <li>– Auditor</li> <li>– Name</li> </ul>
Active management companies authorised under the IUG, UCITSG, AIFMG	24	<ul style="list-style-type: none"> <li>– General management</li> <li>– Board of directors</li> <li>– Qualifying holding</li> </ul> <ul style="list-style-type: none"> <li>– Articles of association</li> <li>– Name</li> </ul>

**Table 3a**  
*Changes to licences and registrations*

Category	Number of changes	Main changes
Investment undertakings (funds)	1	– Prospectus
Undertakings for collective investment in transferable securities (funds)	177	<ul style="list-style-type: none"> <li>– Unit classes</li> <li>– Subfunds</li> <li>– Name</li> <li>– External auditor</li> </ul> <ul style="list-style-type: none"> <li>– Investment policy</li> <li>– Mergers</li> <li>– Delegation</li> <li>– ESG criteria</li> </ul>
Alternative investment funds	221	<ul style="list-style-type: none"> <li>– Unit classes</li> <li>– Subfunds</li> <li>– Name</li> <li>– External auditor</li> <li>– AIFM</li> </ul> <ul style="list-style-type: none"> <li>– Investment policy</li> <li>– Delegation</li> <li>– Disclosure agreement</li> <li>– Merger</li> </ul>
Investment undertakings	213	<ul style="list-style-type: none"> <li>– General management</li> <li>– Board of directors</li> <li>– Outsourcing of functions</li> <li>– Key functions</li> <li>– Qualifying holding</li> </ul> <ul style="list-style-type: none"> <li>– Auditor</li> <li>– Expansion of branch</li> <li>– Geographical area of activity</li> <li>– Transfer of portfolio</li> <li>– Mergers</li> </ul>
Insurance intermediaries	40	<ul style="list-style-type: none"> <li>– General management</li> <li>– Board of directors</li> </ul> <ul style="list-style-type: none"> <li>– Employees working directly in insurance distribution</li> </ul>
Pension funds	3	<ul style="list-style-type: none"> <li>– General management</li> <li>– Board of directors</li> </ul> <ul style="list-style-type: none"> <li>– Pension plan</li> </ul>
Trust companies	69	<ul style="list-style-type: none"> <li>– General management</li> <li>– Board of directors</li> <li>– Qualifying holding</li> </ul> <ul style="list-style-type: none"> <li>– Person actually managing the company</li> <li>– Business name</li> <li>– Insurance</li> </ul>
Audit firms	9	<ul style="list-style-type: none"> <li>– General management</li> <li>– Board of directors</li> <li>– Business name</li> </ul>
TT service providers	28	<ul style="list-style-type: none"> <li>– General management</li> <li>– Board of directors</li> <li>– Qualifying holding</li> </ul> <ul style="list-style-type: none"> <li>– Person with technical responsibility</li> </ul>
<b>Total</b>	<b>890</b>	

**Table 3b**  
*Changes to licences and registrations*

## ONGOING SUPERVISION

Prudential supervision of the individual supervised financial intermediaries aims to ensure permanent compliance with the licensing conditions, including in particular the financial resources of market participants, and to identify risks at an early stage. Prudential supervision is governed by the individual special laws, e.g. the Banking Act and the Insurance Supervision Act, and makes a significant contribution to client protection and to safeguarding the stability of the financial market. In addition to prudential supervision, due diligence supervision to combat money laundering as well as supervision of conduct are part of ongoing supervision. The basic supervisory instruments are reporting, auditing, on-site inspections, and management meetings.

Based on the risk analysis, the FMA defines its supervisory priorities for the current audit period. In addition to cross-sectoral supervisory priorities, the FMA also sets targeted, sector-specific supervisory priorities, which are generally aligned with the supervisory programmes and strategic guidelines of the European Supervisory Authorities. In the reporting year, the FMA set the following supervisory priorities:

- Market development and interest rate environment
- Real estate market development and indebtedness
- Money laundering prevention
- ESG risks
- ICT and cyber risks
- Structural dependencies on the Swiss financial market infrastructure

In addition, the European Supervisory Authorities are entitled to set strategic supervisory priorities of the European Union. These priorities must be taken into account by the national supervisory authorities, with the aim of supervisory convergence among the EEA member states.

With regard to **market development and the interest rate environment**, a special focus was on the strongly increasing inflationary trend and its potential impact on the global economy. The FMA issued explicit recommendations to financial intermediaries in this regard. In the reporting year, the FMA also paid particular attention to asset quality in the balance sheets of banks and to sustainable lending standards, which were audited extensively during on-site inspections. Interest rate risks and risk-oriented dynamic collateralisation were also addressed. In the context of the low interest rate environment, generating sufficient returns was a major challenge for pension schemes. This focus was addressed in a risk-based manner during the management meetings.

The implications of the **real estate market development and household indebtedness** for financial stability were monitored by the FMA on an ongoing basis. To expand data availability and improve data quality, extensive data on lending standards was collected in the reporting year for the first time. A public event was held and communication measures were taken to raise risk awareness among borrowers and lenders. A working group headed by the FMA also discussed measures with representatives of the banking sector to address risks in mortgage lending, such as tightening amortisation requirements without restricting access to mortgages for private individuals and, in particular, young families.

**Money laundering prevention** continued to be a key supervisory focus of the FMA in 2022. The FMA continued its rigorous risk-based supervision. The audit programme set out by the FMA was based on the risks and vulnerabilities identified in National Risk Assessment II.

**ESG risks** were likewise a key supervisory priority in 2022. The lack of clarity and transparency improved as a result of regulatory requirements. The FMA closely

accompanied market participants by analysing climate-related risks at Liechtenstein financial intermediaries and by issuing guidelines and implementation aids. In the transition phase to a sustainable financial system, the FMA continues to focus its supervisory attention on preventing greenwashing, which is both counter-productive to achieving the ambitious climate goals and harmful to investors. The FMA has developed audit guidelines for this purpose and has integrated greenwashing criteria into its supervisory processes. Workshops were held with market participants to raise awareness. ESG factors have been integrated into the FMA's business and risk management processes and questionnaires.

The FMA also paid special attention to **ICT and cyber risks**. The FMA focused on improvements to the defence mechanism as well as the ability to detect and manage IT breakdowns and cyberattacks. The relevant requirements set out in FMA Guideline 2021/3 on ICT security were incorporated into the audit guidelines. The FMA also improved the flow of information and data on cyber incidents, with the aim of deriving and communicating conclusions with general relevance for the entire financial centre. A second focus was the increasing outsourcing of IT services, including the use of cloud services. In the reporting year, the FMA systematically examined the measures to prevent or reduce IT and cyber risks that are taken by businesses outsourcing IT services.

With respect to Liechtenstein's **structural dependencies on the Swiss financial market infrastructure**, the FMA – in coordination with the political branches and the competent bodies of the National Administration – pursued the approach of, firstly, safeguarding Liechtenstein's use of the Swiss infrastructure and, secondly, reducing dependency by including alternative infrastructures. Workshops were held for this purpose, including with representatives of the critical infrastructure in Switzerland.

Auditors are part of the Liechtenstein supervisory architecture in the financial market. For that reason, high demands are placed on them in terms of independence, professional scepticism, and due care, as well as compliance with recognised audit standards and guidelines. The EU Statutory Audit Directive was transposed with the entry into force of the new Auditors Act (WPG) on 1 January 2022. In the reporting year, the FMA conducted five cross-divisional quality inspections of audit firms. These consisted in file reviews of the performance of engagements in relation to selected financial statement audit and supervisory audit mandates. The file reviews mainly gave rise to findings relating to partially incomplete documentation of the engagement work. Overall, the quality inspections did not give rise to any serious findings.

Investment firms that conduct transactions with financial instruments must report all transactions in detail to the FMA as the competent authority. The aims include combating insider trading and market manipulation and strengthening investor protection. The transaction data received by the FMA is examined using various scenarios relating to insider trading and market manipulation. The stored parameters are adjusted on an ongoing basis according to market events and market behaviour. 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 or other supervisory authorities submitted about 10.6 million transaction reports to the FMA in 2022, which amounts to more than 29,000 reports daily. The volume of reported transactions amounted to approximately CHF 308 billion. The transmitted transactions were validated at the technical

level, subjected to content-related data quality tests on an ongoing basis, and evaluated. If the scenarios give rise to suspicion that indicate misconduct on the part of market participants, the FMA carries out further clarifications or takes appropriate measures. In the reporting year, a total of 1,330 hits were generated that were analysed and evaluated. About 6% of these hits were subjected to an in-depth analysis. This analysis includes obtaining information from the financial intermediary, clarifications with other authorities, and price analyses. One of the measures is to file a criminal complaint with the competent domestic authorities if the initial suspicion is substantiated or cannot be dispelled in the course of the in-depth analysis.

### On-site inspections

An on-site inspection is an institutionalised audit activity within the framework of ongoing supervision and enforcement on the premises of the financial intermediary. An on-site inspection is carried out by employees of the FMA. On-site inspections may be announced or unannounced. The FMA conducts a number of planned on-site inspections each year, as well as on an ad hoc basis where necessary. As a rule, on-site inspections are dedicated to one or more priority topics. In the reporting year, 31 on-site inspections were carried out beyond the scope of anti-money laundering.

Category	Number of on-site inspections	Priorities
Banks	1	Credit risk (lending and credit risk management)
Electronic money institutions	1	Corporate management (own funds, hedging requirements)
Insurance undertakings	7	Organisation, governance, ICS, outsourcing
Pension schemes	3	Administration system, ICS, cash payouts, complaints
Pension funds	1	Governance, administration
Insurance intermediary	4	Head office, internal organisation
(Fund) management companies	1	Authorisation procedures
Asset management companies	5	Licensing conditions, domestic permanent establishment after relocation, MIFID Common Supervisory Action, final inspection of domestic permanent establishment
Audit companies	8	Regularly scheduled quality controls
<b>Total</b>	<b>31</b>	

**Table 4**  
*On-site inspections. For inspection activities relating to due diligence supervision for the purpose of combating money laundering, see the [chapter on due diligence supervision](#).*

Financial intermediary	Audit reports	Deficiencies	Deficiencies mainly in the following areas
Banks	12	69	<ul style="list-style-type: none"> <li>– Governance (separation of functions, conflict of interest management)</li> <li>– Credit risk management</li> <li>– Investment services</li> <li>– Business continuity management</li> <li>– ICT/cybersecurity</li> <li>– Risk management</li> </ul>
Electronic money institutions	2	2	<ul style="list-style-type: none"> <li>– ICT/cybersecurity</li> </ul>
Asset management companies	95	36	<ul style="list-style-type: none"> <li>– Change of licensing or notification requirement</li> <li>– Information and reporting to clients</li> <li>– Domestic permanent establishment and suitable organisation</li> <li>– Compliance function</li> </ul>
(Fund) management companies	21	11	<ul style="list-style-type: none"> <li>– Deficiency with regard to documentation</li> <li>– Violation of rules of conducts</li> <li>– Deficiency with regard to reporting requirements</li> <li>– Non-compliance with reporting requirements</li> <li>– Record-keeping and retention requirement</li> <li>– Organisational requirements</li> <li>– Compliance with assessment rules</li> </ul>
Insurance undertakings	33	68	<ul style="list-style-type: none"> <li>– Composition of general management inadequate</li> <li>– Failure to review guidelines annually</li> <li>– Guidelines very theoretical</li> <li>– ICS control not exhaustively documented</li> <li>– Insufficient modelling for technical provisions</li> <li>– Parameters in cost model</li> <li>– Written separation of responsibilities</li> <li>– Conflicts of interest due to multiple positions held</li> <li>– Commercial Register entry missing</li> </ul>
Protection scheme	1	3	<ul style="list-style-type: none"> <li>– Governance (regulations)</li> </ul>
Pension schemes	13	1	<ul style="list-style-type: none"> <li>– Renewal of partial and total liquidation regulations</li> </ul>
Pension funds	3	0	
Professional trustees	180	26	<ul style="list-style-type: none"> <li>– Governance</li> <li>– Financial soundness</li> </ul>
<b>Total</b>	<b>360</b>	<b>216</b>	
<b>Products</b>			
Funds	564	157	<ul style="list-style-type: none"> <li>– Material valuation error</li> <li>– Violation of rules of conduct</li> <li>– Deficiency with regard to reporting requirements</li> <li>– Non-compliance with reporting requirements</li> <li>– Record-keeping and retention requirement</li> <li>– Organisational requirements</li> </ul>

**Table 5**
*Review of audit reports*

*This overview does not include audit reports for the purpose of preventing money laundering (see the [chapter on due diligence supervision](#)).*

## Auditing

As part of prudential supervision, the FMA evaluates the audit reports submitted by auditors who, on behalf of the FMA, 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 it 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 the special laws, 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.

## Reporting

Under the special laws, 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. "Reports" refers to all legally required periodic or ad hoc information obligations of the financial intermediary vis-à-vis the FMA. This includes annual reports, semi-annual reports, quarterly reports, and other regular reports. Most reports under the reporting system are received via the FMA's e-Service Portal. The portal was introduced in 2015 and provides a convenient way for notifying entities from all sectors to submit data online. In the reporting year, a total of 11,100 reports (previous year: 9,100) were submitted via the portal, most of which under the reporting system. This figure includes reports under the Due Diligence Act (SPG).

Category	Reports
Banks	1,185
Payment institutions	16
Electronic money institutions	40
Protection schemes	9
Audit firms	31
Asset management companies	496
(Fund) management companies	142
Funds	3,334
Insurance undertakings	612
Insurance intermediaries	52
Pension schemes	119
Pension funds	36
TT service providers	55
<b>Total</b>	<b>6,127</b>

**Table 6**  
*Reporting*

*This overview does not include reporting under the Due Diligence Act (SPG) for the purpose of combating money laundering, see the [chapter on due diligence supervision](#).*

## Management meetings

FMA representatives hold regular management meetings with members of the general management and board of directors of supervised entities. The business strategy and business development of the companies as well as current topics are discussed. A total of 46 management meetings were held in the reporting year, including eight with banks, 15 with insurance undertakings, and six with professional trustees. In addition to strategic orientation and business development, governance and organisational topics were discussed. ESG risks were also addressed. The discussions especially with pension schemes focused on challenges arising from the persistent low interest rate environment.

Category	Meetings
Banks	8
Electronic money institutions	1
Protection schemes	1
(Fund) management companies	4
Asset management companies	9
Insurance undertakings	15
Pension schemes	2
Professional trustees	6
<b>Total</b>	<b>46</b>

**Table 7**  
*Management meetings*

### AD HOC SUPERVISION OF TT SERVICE PROVIDERS

The obligation to register under the Token and TT Service Provider Act (TVTSG) sets minimum requirements for all TT service providers in Liechtenstein. These requirements are especially important from the perspective of user protection. TT service providers are not subject to the same regulatory requirements as classic financial service providers, however. The review conducted for the registration of a TT service provider is more limited in both scope and depth. TT service providers are also not subject to ongoing prudential supervision, but rather to ad hoc supervision. The level of protection of clients ensured by supervision accordingly differs from that of a licensed financial service provider. To obtain a better overview of the market despite the lack of prudential supervision, the FMA collects general information on the business activities of registered FinTechs on an annual basis as part of periodic reporting.

The FMA took various supervisory measures in 2022. It issued warnings to two TT service providers who had not disclosed changes in their governing bodies or submitted them to the FMA for approval. In addition, an on-site inspection by an auditor was commissioned at one TT service provider to verify that certain reg-

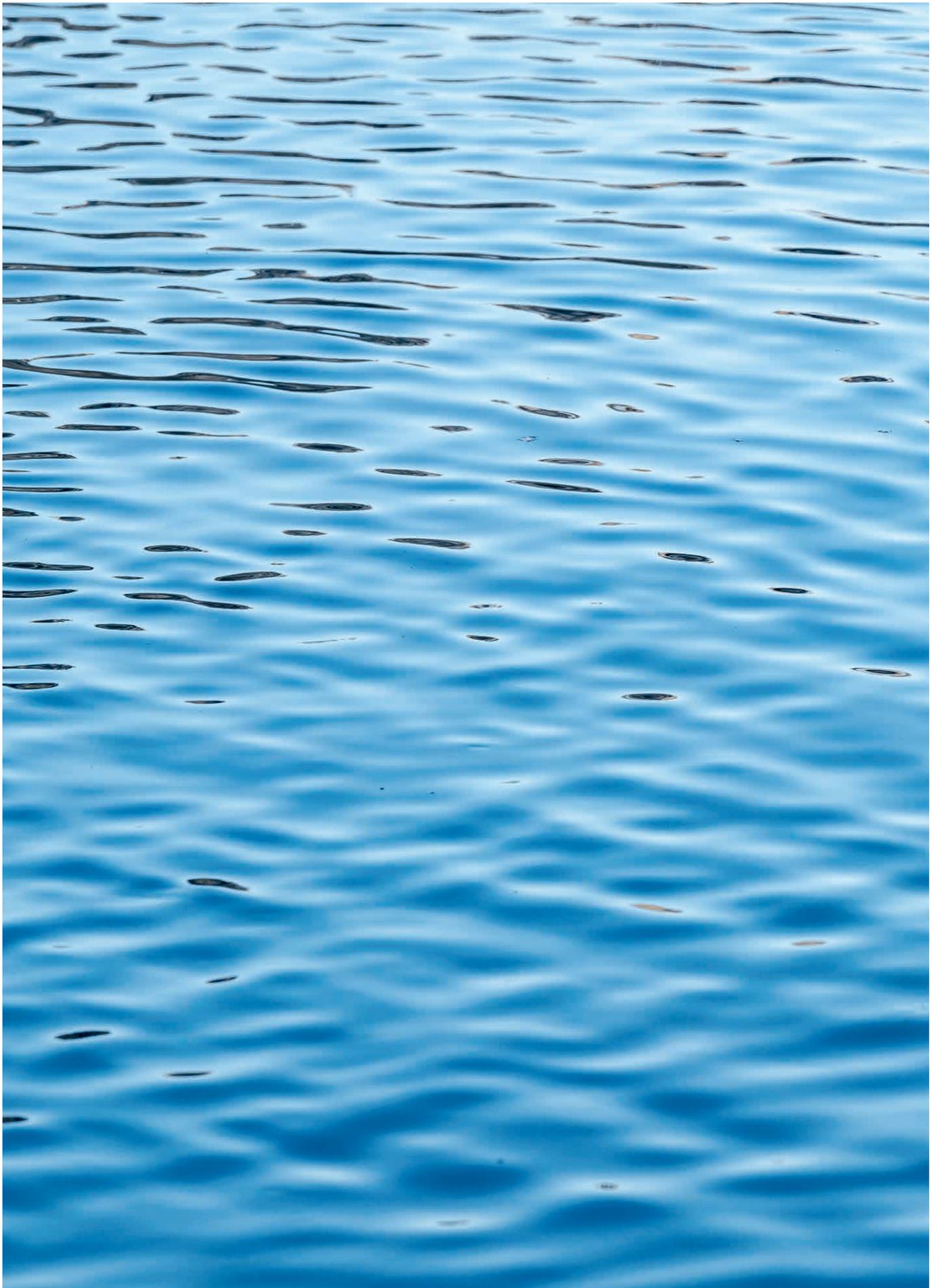
istration requirements were met. The FMA also monitored events on the market, undertook clarifications where the impression arose that services subject to registration were being offered without appropriate registration, and published warnings or informed other authorities about various fact patterns.

### DUE DILIGENCE SUPERVISION TO COMBAT MONEY LAUNDERING

In the reporting year, the FMA rigorously pursued the change in strategy for due diligence supervision it initiated at the beginning of 2019. The risk-based supervisory approach was strengthened by focusing the FMA's inspections in particular on persons subject to due diligence and financial sectors with an increased risk profile. The risk profiles are established on the basis of information from the reporting system pursuant to the Due Diligence Act (SPG), as part of which financial market participants must report annually to the FMA on inherent money laundering risks and the quality of their risk mitigation. On a supplementary basis, the FMA continuously evaluates information it receives in the course of its supervisory activities (e.g. ongoing inspections, press or media articles, reporting by partner authorities, etc.).

In accordance with the risk-based supervisory approach, the content of the inspections also focused on the vulnerabilities identified in National Risk Assessment II. As a consequence of the change in strategy, the FMA has also significantly increased the number of its own on-site inspections, in order to obtain a direct and comprehensive picture of the quality of due diligence measures in addition to the findings derived from the mandated inspections (audits carried out by auditors).

Both the FMA's own due diligence inspections and the mandated inspections were based on the supervisory priorities defined for 2022 in each sector. In



the case of mandated due diligence inspections, the thematic SPG audits continued to cover the three topics of risk assessment, adequacy of business profiles (in particular source of funds and source of wealth as well as documentation on effective contributors of assets), and identification and verification of beneficial owners. In the banking sector, the mandated due diligence inspections in 2022 focused in particular on high-risk transactions (such as transactions with a nexus to high-risk countries, pass-through and cash transactions, etc.).

The FMA's own due diligence inspections additionally focused on the vulnerabilities identified in National

Risk Assessment II and defined as priorities for action in the corresponding Government action plan. In this context, special attention was paid to vulnerabilities such as product and service risks associated with transaction banking, service companies, sole signing authority, cash transactions, and terrorist financing.

Because of the special situation relating to the war in Ukraine since February 2022 and the resulting sanctions packages, the FMA placed an additional focus of all of its own inspections on compliance with financial sanctions in accordance with the International Sanctions Act (ISG) and potential evasion of those sanctions.

Due diligence inspections	2018	2019	2020	2021	2022
<b>Banks</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>12</b>	<b>12</b>
Own on-site inspections (full audit/focused audit)	0/2(1*)	0/2(2*)	0/3(3*)	0/5	0/4
Mandated on-site inspections (full audit/thematic audit)	14/0	14/0	0/14	0/12	0/3
<b>Asset management companies</b>	<b>109</b>	<b>106</b>	<b>102</b>	<b>98</b>	<b>94</b>
Own on-site inspections (full audit/focused audit)	0/0	7/0(1*)	2/0	1/0	0/5
Mandated on-site inspections (full audit/thematic audit)	22/0	18/0	0/29	0/32	0/14
<b>Electronic money institutions</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>
Own on-site inspections (full audit/focused audit)	0/0	0/0	0/2	0/0	0/0
Mandated on-site inspections (full audit/thematic audit)	2/0	1/0	0/0	0/0	0/0
<b>Agents of EEA payment institutions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Own on-site inspections (full audit/focused audit)	0/0	0/0	0/0	1/0	0/0
Mandated on-site inspections (full audit/thematic audit)	0/0	0/0	0/0	0/0	0/0
<b>Life insurance companies</b>	<b>21</b>	<b>21</b>	<b>19</b>	<b>18</b>	<b>16</b>
Own on-site inspections (full audit/focused audit)	0/5(1*)	0/2	0/2	0/3	0/2
Mandated on-site inspections (full audit/thematic audit)	20/0	18/0	0/1	0/5	0/7

**Table 8a**  
 Due diligence inspections

\*additional ad hoc inspections

<b>Due diligence inspections</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Life insurance intermediaries</b>	<b>30</b>	<b>31</b>	<b>30</b>	<b>21**</b>	<b>21**</b>
Own on-site inspections (full audit/focused audit)	0/0	0/0	0/1	0/2	0/2
Mandated on-site inspections (full audit/thematic audit)	7/0	5/0	0/7	0/4	0/4
<b>Investment funds</b>	<b>684</b>	<b>613</b>	<b>643</b>	<b>676</b>	<b>724</b>
Own on-site inspections (full audit/focused audit)	0/0	4/0(1*)	6/0	0/3	0/0
Mandated on-site inspections (full audit/thematic audit)	15/0	120/0	0/21	0/75	0/153
<b>Fund management companies with individual portfolio management</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>8</b>
Own on-site inspections (full audit/focused audit)	0/0	1/0	1/0	1/0	0/0
Mandated on-site inspections (full audit/thematic audit)	2/0	0/0	0/2	0/2	0/1
<b>Trust and company service providers</b>	<b>184</b>	<b>188</b>	<b>185</b>	<b>188</b>	<b>177</b>
Own on-site inspections (full audit/focused audit)	0/7(7*)	0/7(4*)	11/0	17/1(1*)	0/17
Mandated on-site inspections (full audit/thematic audit)	55/0	58/0	0/40	0/33	0/33
<b>Casinos</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>6</b>
Own on-site inspections (full audit/focused audit)	2/0	0/2	2/0	1/0	0/0
Mandated on-site inspections (full audit/thematic audit)	0/0	0/0	0/0	0/0	0/0
<b>TT service providers</b>	<b>3</b>	<b>3</b>	<b>13</b>	<b>21***</b>	<b>34***</b>
Own on-site inspections (full audit/focused audit)	0/0	0/0	3/0(2*)	2(1*)/0(1*)	0/5
Mandated on-site inspections (full audit/thematic audit)	0/0	0/0	12/0	1/1	0/4

**Table 8b**  
*Due diligence inspections*

\* additional ad hoc inspections  
 \*\* new counting method as of 2021; only those life insurance intermediaries which maintain business relationships subject to due diligence are counted  
 \*\*\* of which token issuers not subject to registration pursuant to Article 3(1)(s) SPG (7 in 2021; 15 in 2022)

During the reporting period, the FMA conducted its own on-site inspections at four banks. These were focused inspections with a risk-based emphasis. In addition to the organisational (firm) reviews in the priority areas, 40 random samples were drawn and examined. In several cases, deficiencies were identified in connection with the business profiles of clients and inadequate transaction clarifications. Recommendations were also made during the on-site inspections in connection with customer risk assessment and business-wide risk assessment as well as risk-appropriate transaction monitoring.

The FMA carried out its own on-site inspections with risk-based priorities (focused inspections) at two life insurance undertakings and two life insurance intermediaries. A total of 18 random samples were drawn and examined last year, in addition to the firm review. Deficiencies were identified in particular with regard to customer risk assessment, the informative value of business profiles with regard to the source of funds, and, in isolated cases, the collection of third-party evidence.

The due diligence category "Trust and company service providers" includes professional trustees and trust companies as well as persons under the 180a Act. In this sector, the FMA conducted 17 consolidated, regular on-site inspections. These were focused inspections with risk-based priorities covering a total of 90 persons subject to due diligence. In this connection, a total of 63 random samples were drawn and audited, in addition to the firm review. In sum, several of the inspections still showed potential for improvement with regard to the informative value of business profiles as well as some deficiencies in connection with identification of beneficial owners and clarification of transactions.

The FMA conducted a total of five focused inspections of asset management companies last year. 21 samples were taken and examined. Apart from a few primarily formal weaknesses, only a few deficiencies were identified (in particular relating to business profiles, including verification of the origin of funds).

Finally, the FMA also carried out four of its own focused on-site inspections of TT service providers subject to due diligence (firm reviews incl. 63 random samples). As in the previous year, deficiencies identified included the minimum content of business profiles. Other – primarily formal – deficiencies concerned identification of beneficial owners.

In addition to the FMA's own inspections, focused mandated inspections were carried out for three banks, 14 asset management companies, seven life insurance companies, four life insurance intermediaries, 153 investment funds, one fund management company with individual portfolio management, and five TT service providers. In the fiduciary sector, 33 consolidated on-site inspections were commissioned, covering a total of 162 trust and company service providers (trust companies, professional trustees, and persons licensed under the 180a Act).

In sum, the mandated inspections once again showed generally good results and robust defensive measures, with only a few inspections identifying an elevated number of deficiencies. Overall, the findings in each sector are consistent with the findings from the FMA's own on-site inspections.

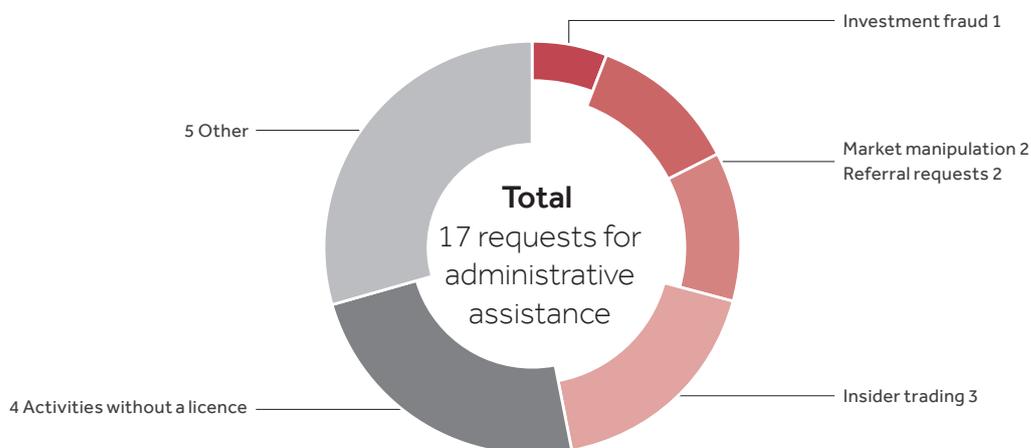
**INTERNATIONAL ADMINISTRATIVE ASSISTANCE**

The FMA provides administrative assistance to foreign supervisory authorities. In 2022, a total of 69 requests for administrative assistance were submitted to the FMA asking for information. Conversely, the FMA submitted 19 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.

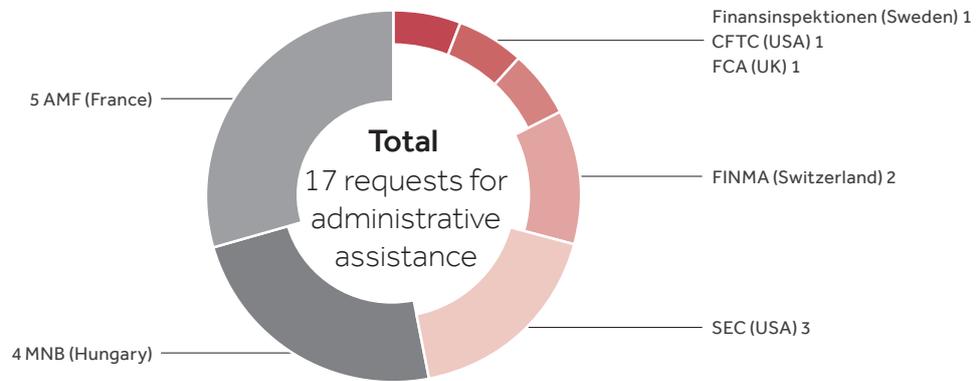
Non-client-related administrative assistance: Non-client-related information is information under supervisory law relating to the general activities of a supervised entity in its capacity as a market participant. In addition to information on solvency and liquidity, this includes in particular information 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 2022, 49 such non-client-related enquiries were addressed to the FMA by

28 supervisory authorities. Of these requests, 26 were good standing enquiries or requests for letters of confirmation. In the same period, the FMA submitted a total of 17 non-client-related requests for administrative assistance to 10 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, activities without a licence, and investment fraud. Outside of securities supervision, client-related administrative assistance takes place according to special laws such as the Banking Act. In 2022, the FMA was requested for client-related administrative assistance in 20 cases. 17 were made on the basis of the IOSCO MMoU, three on the basis of special laws.



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



**Figure 5**  
 Client-related requests for administrative assistance by authority  
 (IOSCO MMoU and special laws)

The Market Abuse Regulation (MAR) and its Implementing Regulations have been in force in Liechtenstein since 2021. As a rule, administrative assistance in the area of securities supervision under the IOSCO MMoU falls within the scope of this regulation. MAR contains its own rules on the cooperation of supervisory authorities in the member states and thus also on administrative assistance; these rules apply directly and compulsorily in Liechtenstein. If national rules contradict those of MAR, they must not be applied. If, on the other hand, subject matters are covered by national rules that are not regulated by MAR, the national rules continue to apply. Liechtenstein provides a special procedure for administrative assistance in the area of securities supervision that goes beyond the scope of MAR or its Implementing Regulations. In particular, the procedure specifies the form in which the requested information must be obtained from the requested authority, that a ban on information must be imposed on persons concerned and third parties, and that the Administrative Court must approve administrative assistance before the requested information is transmitted.

## ENFORCEMENT

The FMA clarifies any indications it finds of violations of general criminal law or of the laws assigned to the FMA for execution. If the FMA arrives at a justified suspicion as a result of these preliminary investigations, or if the circumstances indicate that the reputation of the Liechtenstein financial centre is jeopardised, it initiates administrative or administrative criminal proceedings, establishes the facts of the case, and orders any necessary measures and fines.

After the Board of Directors adopted the FMA's enforcement principles in 2021, making its understanding of enforcement in supervisory law transparent, an enforcement decision-making body was created in the reporting year. The body is composed of the CEO, two division heads, the case manager, and other members as needed. It decides on matters of major significance and is responsible for imposing measures and fines. This further strengthens enforcement.

As of the end of 2022, the FMA was conducting 40 administrative proceedings and 26 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 2022, preliminary investigations were underway in 14 cases. During the reporting year, 172 proceedings and preliminary investigations were completed. The subjects of the proceedings included capital adequacy requirements, violations in risk management, market manipulation, organisational requirements, head office requirements, accounting requirements, compliance with licensing conditions, and governance.

On 23 November 2022, the FMA made public on its website that Union Bank AG's banking business under Article 3 BankG had been wound up in July 2022. Union Bank AG therefore no longer held any deposits or other repayable funds. Union Bank AG's licence to operate a bank pursuant to Article 27(1)(c) BankG had already been renounced in writing and lapsed in August 2020.

At the end of June 2022, the FMA published its FMA Practice. The publication 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 2021 supervisory period. By describing selected cases, the FMA sets out each year how it applies and interprets supervisory law, thus creating transparency and predictability for financial intermediaries and setting out its expectations.

During the 2021 supervisory period, several decisions of particular relevance for the FMA's further supervisory practice were taken. For the first time, the FMA

saw the need to appoint a temporary administrator for a bank pursuant to the Recovery and Resolution Act (SAG). Based on the identified need for early intervention, the FMA required the board of directors to prepare – with the involvement and cooperation of the temporary administrator – a situation analysis including options for action. The FMA-CC confirmed the need for early intervention, and it held that the appointment of the temporary administrator was the only effective measure to preserve the bank's private autonomy to the greatest possible extent. The FMA-CC also approved publication of the appointment of the temporary administrator on the FMA's website.

For the first time, the FMA used its official powers to appoint a successor liquidator for a former bank during a voluntary liquidation that was already well advanced. In doing so, the FMA clarified that a liquidator must be personally and professionally qualified to wind up banking transactions.

In an official liability case against the FMA, the protective purpose of European insurance supervision law (Solvency II) and the question of official liability of insurance supervisory authorities in the EEA was clarified for the first time: National provisions on insurance supervision, even in conjunction with the provisions of the Official Liability Act, must not be interpreted in such a way that plaintiffs can base their claims on those provisions. The decisions of the EFTA Court and the Supreme Court are of particular relevance for the FMA – and for all insurance supervisory authorities in the EEA. Until now, comparable case law in the EEA existed only in banking supervision law.

In due diligence law, a decision clarified that a person subject to due diligence continues to be subject to the Due Diligence Act even if it renounces its licence or as a result of liquidation, and that the due diligence obligations must continue to be exercised.

In 2022, the FMA imposed 34 legally enforceable fines amounting to CHF 1,436,000.

A fine in the amount of CHF 400,000 was imposed on a legal person for repeated violations of due diligence obligations (risk-appropriate monitoring and exercise of enhanced due diligence) and for serious and repeated violations of due diligence obligations (identification and verification of the identity of the contracting party, identification and verification of the beneficial owners, preparation of a business profile, and risk assessment). Another fine in the amount of CHF 170,000 was imposed on a legal person for violation of due diligence obligations (non-compliant risk assessment and impermissible application of simplified due diligence). A fine in the amount of CHF 125,000 was imposed by the FMA on a legal person for violation of due diligence obligations (performance of enhanced due diligence obligations) and for repeated violation of due diligence obligations (business profile and risk assessment).

A fine in the amount of CHF 200,000 was imposed on a legal person for serious and repeated violations of risk management provisions. The FMA also imposed a fine in the amount of CHF 100,000 on another legal person for violations of risk management provisions.

The FMA also imposed fines for violations of reporting obligations (Banking Act, Electronic Money Act, and Trustee Act), failure to comply with an order of the FMA in a timely manner (Banking Act), violations of the governance provisions and failure to comply with a request to restore a lawful state of affairs (Insurance Supervision Act), breach of duty as a result of failure to report in advance the appointment of a member of the general management (Asset Management Act), failure to comply with a decree of the FMA to duly appoint the board of directors within a time limit set by the FMA (Asset Management Act), failure to comply with a decree of the FMA to cooperate in investigation proceedings (Securities Prospectus Ordinance),

violation of the rules of conduct (AIFM Act), and violation of periodic reporting obligations (UCITS 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 2022, the FMA filed 11 criminal complaints with the Office of the Public Prosecutor. If the FMA becomes aware of a suspicion of a criminal act to be prosecuted ex officio that affects its legal sphere of action, it is required to file a criminal complaint. The criminal complaints filed included suspicion of market abuse or market manipulation, suspicion of accepting deposits without the required licence, violation of banking secrecy, suspicion of insider trading and unlawful disclosure of insider information, late submission of a report of suspicion, and suspected violation of designation protection. In a further 33 cases, the FMA filed charges against employers for neglecting their legal obligations, such as the payment of contributions or the obligation to join an occupational pension scheme.

During the reporting period, the FMA submitted 17 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.

For the reporting year, the FMA received a total of 25 whistleblower reports. 23 reports reached the FMA via the whistleblower section of the FMA's website or by post. The remaining two whistleblower reports were received through other channels, such as the FMA's general information email address or by phone. One report could not be used, given that it was obviously spam. All other reports contained information on potential violations of the law, such as missing licences, violations relating to governance (compliance), lack of integrity on the part of managers, allegations of fraud, or tax offences. Of the reports received, four were forwarded to other domestic authorities given the responsibilities involved. In eight

cases, it was decided after reviewing the reports that the information did not provide sufficient grounds for suspicion to initiate further measures or that no violations of the law could be identified. Those reports for which the FMA was responsible were reviewed as part of its supervisory activities and, where necessary, appropriate measures were taken. Warning notices were published as necessary, other official arrangements were made, or criminal charges were filed. Administrative proceedings and administrative criminal proceedings were also initiated.

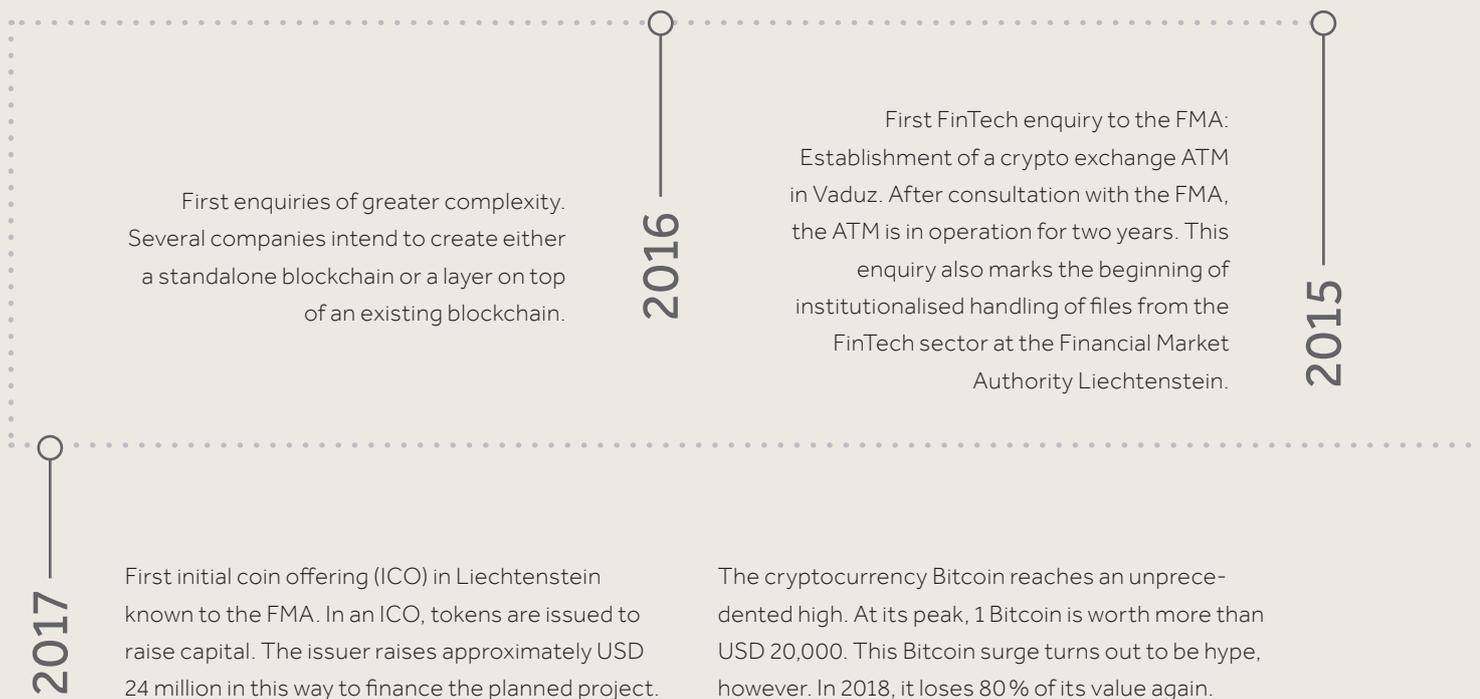
In the reporting year, the FMA published nine warnings on its website. In four cases, companies falsely gave the impression on their websites that they had an FMA licence. In each case, the FMA advised against making

investments, responding to offers from the company in question, or transferring funds. The FMA also warned against two clone firms and urgently advised against investing via their websites. Clone firms assume the identity of a real company and try to trick users into making investments via their websites. In another case, the FMA warned of attempted fraud. Unknown persons suggested to borrowers that they had to take out credit default insurance, using the name of a Liechtenstein insurance undertaking. The FMA recommends checking for irregularities before concluding an insurance contract. If something is unclear, the FMA recommends contacting the insurance undertaking or the competent supervisory authority. The FMA also warned against a bogus FMA website and misuse of the FMA logo.

## CHRONOLOGY

# FINTECH IN LIECHTENSTEIN

Digitalisation is permanently changing the financial industry, especially through new financial technologies. This is also reflected in the work of the Financial Market Authority. Since its beginnings nearly a decade ago, supervisory activities involving FinTech have increased significantly. One of the ways the FMA has taken this into account is with the creation of its own Regulatory Laboratory/Financial Innovation unit. A chronology.



2018

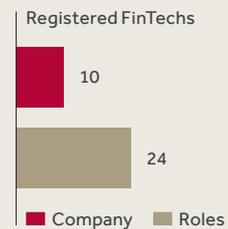
Approval of the first securities prospectus for issuance of the first security token in Europe by the FMA.

In Liechtenstein, the first draft of the Token and TT Service Provider Act (TVTG) is presented. At the initiative of the Government, the FMA forms a

competence team independent of the supervisory divisions: the Regulatory Laboratory/Financial Innovation unit, which has since been responsible for responding to subordination enquiries and is the central point of contact for all crypto issues.

2020

The new TVTG enters into force on 1 January 2020. During an initial one-year transition period, companies can continue to operate without registration. The FMA receives applications for registration from 25 companies for a total of 55 roles.

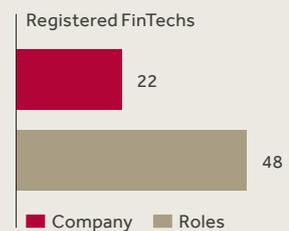


2019

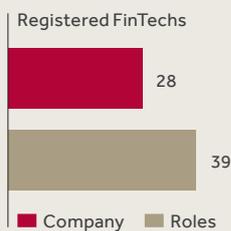
In autumn 2019, the Liechtenstein Parliament unanimously approves the TVTG. Liechtenstein is the first country in the world to adopt and enact comprehensive regulation of blockchain technology in the interest of the token economy. Even before the TVTG is passed, Liechtenstein's plans for regulation attract international attention, leading to increased interest in company formations.

2022

Registrations under the TVTG become interesting for traditional financial intermediaries as well. Several applications for registration are received from established financial institutions that want to expand their activities to cryptocurrencies. For the first time, already registered FinTechs renounce their registration because they never carried out the registered activity.



2021



The FinTech market is diversifying. Non-fungible tokens (NFTs) become the dominant theme. NFTs permit individual physical or digital objects, such as digital artworks, to be tokenised and sold.

## ACTIVITIES OF THE RESOLUTION AUTHORITY

---

In its function as the national resolution authority, the responsibilities of the FMA include ensuring the resolvability of banks domiciled in Liechtenstein and, if necessary, also for setting resolution measures. In doing so, it makes an important contribution to safeguarding financial market stability.

The legal basis for the FMA's work as a resolution authority is the Law of 4 November 2016 on the Recovery and Resolution of Banks and Investment Firms (Recovery and Resolution Act; SAG). The SAG is the Liechtenstein transposition of the EU Bank Recovery and Resolution Directive (BRRD).

A key element of an effective resolution regime is the targeted preparation of banks for default scenarios. For this purpose, resolution plans are developed by the resolution authority in cooperation with the banks. These plans contain not only analyses of the importance of the banks for the Liechtenstein financial centre, but also include specific crisis management strategies and resolution approaches. The FMA determines the specific resolution measures if a scenario occurs, taking into account the resolution objectives. These include implementation of a bail-in (direct participation of creditors in the losses or capital cut) and officially ordered merger & acquisition transactions, such as the sale of the shares of the crisis bank to an interested buyer (share deal), the transfer of assets (asset deal), or the establishment of a good bank and bad bank. Resolution planning concludes with the assessment of resolvability. The aim of this assessment is to identify and eliminate potential obstacles to resolution on the part of the institution.

In the resolution plans, the FMA also sets the level of the minimum requirement for own funds and eligible liabilities (MREL). The MREL must be high enough to ensure at all times that the expected losses to be borne by the company can be fully absorbed and that the resolution unit can be recapitalised to a sufficiently high level so as to fulfil the licensing conditions and continue to carry out its activities for a reasonable period of time.

In the reporting year, the FMA published its strategy and approach for calibrating the MREL in its own national MREL policy (FMA Communication 2022/02). The policy was tailored to the Liechtenstein financial centre and increases both the transparency of the resolution authority's actions and the legal certainty for the financial intermediaries.

---

**The FMA is responsible  
for ensuring the resolvability  
of banks, making an  
important contribution to  
safeguarding financial  
market stability.**

In 2022, the FMA also developed three group resolution plans for the systemically important banking groups and seven resolution plans for smaller financial intermediaries. In cooperation with its European sister authorities, the FMA was able to include all banks and banking groups operating in Liechtenstein in a resolution plan. In 2023, some of these resolution plans will be updated and expanded in order to ensure their operationalisation.

In addition, 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 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. In total, the banks have paid contributions of over CHF 26 million into the resolution financing mechanism so far. The pro rata contribution per institution is calculated by the FMA.

---

## **SUPERVISION AND ENFORCEMENT OF LAWS**

As of the end of 2022, the FMA is responsible for supervising and enforcing 40 laws (Financial Market Authority Act, FMAG, Article 5(1)), including the associated implementing ordinances and European Level 2 measures. Laws newly included in 2022:

- Law implementing Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector;
  - Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (EEA Financial Services Sustainability Implementation Act; EWR-FNDG).
-

## OUTLOOK

Based on the risk analysis, the FMA defined and published its priorities of supervision for 2023 in December.

Market developments, the interest rate environment, and high inflation remain the subject of the supervisory dialogue between the FMA and the supervised market participants. The analysis of increased macro-financial risks against the backdrop of high inflation and rising interest rates, as well as the associated impact on the financial sector, constitutes an important supervisory priority. Management meetings will continue to focus on all these issues. Close risk monitoring of interest rate risks, asset quality, and business continuity management in connection with cyber risks is being conducted at the banks.

At insurance undertakings, the sustainability of business models in the current environment continues to be closely monitored. Especially at non-life insurance companies, the formation of adequate technical provisions is being supervised in depth in light of rising inflation. The development of funding ratios is being closely monitored at pension schemes.

Because of the high level of household indebtedness, real estate and mortgage risks exist. These risks will be subject to expanded risk monitoring – such as by analysing the newly collected data in line with the ESRB recommendation. Proposals for addressing the identified risks are to be finalised in cooperation with the banking sector.

Anti-money laundering continues to be a priority of supervision, in particular by incorporating the recommendations from the MONEYVAL assessment. With regard to FIU reporting behaviour, the reporting pro-

cess at financial intermediaries will be reviewed and analysed for certain anomalies – such as late submission of reports to the FIU or general hesitation with regard to FIU reporting. Inspections are carried out on documentary evidence regarding source of funds and source of wealth, especially in the case of legacy clients. In the case of investment funds, the aim is to ensure that the exemption for retail funds is in fact used only in cases of low risk. Preventive measures of TT service providers will continue to be a supervisory priority of the FMA. Last but not least, the implemented control and monitoring mechanisms for compliance with international financial sanctions are to be reviewed.

ESG risks continue to be an in-depth priority of supervision. With regard to compliance with ESG reporting obligations, a survey of the current situation is planned in all sectors in 2023. The survey will be conducted by means of a questionnaire on the sustainability-related implementation measures taken by companies so far. In addition to the requirements of the Disclosure Regulation and the Taxonomy Regulation, the focus will also be on the sectoral requirements relating to the consideration of sustainability risks and the requirements for sustainability reporting in accounting.

FMA Guideline 2021/3 on ICT security entered into force on 1 January 2022, so the FMA will assess the status of implementation at intermediaries. In 2023, the audit reports of the audit offices on implementation of the guideline will be available for the first time. The audit reports will be used to establish an understanding of the existing risks and measures.



**Inland Canal by the Auweg** Vaduz

## PROGRESS REPORT

# REGULATION

Financial market regulation continues to be very dynamic. At the EEA level, the Digital Finance Package for regulating digital financial technologies is especially relevant to Liechtenstein. The heart of the package is the Markets in Crypto-Assets Regulation. In Liechtenstein, the Banking Package is being implemented as a comprehensive regulatory project aimed at further increasing the resilience of the banking sector in crisis situations. Initial transposition processes were completed in 2022. The FMA was mandated by the Ministry of General Government Affairs and Finance to prepare an overview of possible options for redesigning the regulatory structure of supervisory law applicable to banks and investment firms. This restructuring of financial market law is to be completed by 1 January 2025.

## REGULATORY MOMENTUM CONTINUES TO BE HIGH

---

Liechtenstein implements international standards as a member of the European Economic Area (EEA). Liechtenstein's financial market regulation is significantly influenced by the EEA-relevant financial market regulation of the European Union (EU). The regulatory activity of the European Union continued to be high in 2022.

The EEA Financial Services Sustainability Implementation Act (EWR-FNDG) entered into force in Liechtenstein on 1 May 2022. In its Green Deal, the European Union has set itself the goal of making the transition to a modern, resource-efficient, and competitive economy. One of the goals is to achieve zero greenhouse gas emissions by 2050. The financial services sector is being involved in these goals through enactments such as the EEA-relevant, sustainability-related Disclosure Regulation (Regulation (EU) 2019/2088) and the Taxonomy Regulation (Regulation (EU) 2020/852). The regulations became directly applicable through their incorporation into the EEA Agreement, but some of the provisions required transposition into Liechtenstein law – especially with regard to competent supervisory authorities and criminal provisions. This is ensured by the EWR-FNDG.

The aim of these European legal acts and the supplementary Liechtenstein transposition is to redirect private capital flows in the direction of sustainable investments, in particular through transparency rules, and to prevent greenwashing. Another crucial aspect is the inclusion of sustainability risks in general risk management in all sectoral laws applicable to the various financial market participants, with the purpose of

safeguarding financial stability. Sustainability regulation also serves to strengthen the attractiveness of the Liechtenstein financial centre as a sustainable financial market. The FMA has developed audit guidelines and standards that implement the new requirements.

On 1 November 2022, the EEA Securitisation Implementation Act (EWR-VDG) entered into force. It serves to implement Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation. The related Regulation (EU) 2017/2401, which in particular revises banks' capital requirements for positions in a securitisation, also entered into force on 1 November 2022, with necessary transposition included in the Banking Act. This is the first time that a uniform, cross-sector regulatory framework for securitisations has entered into force in Liechtenstein and the EEA. The regulatory framework creates a diversification of funding sources for companies and refinancing opportunities for financial market participants, which can have a positive impact on the real economy. Compliance with the criteria for simple, transparent and standardised securitisation (STS securitisation) is the responsibility of a qualified third party licensed by the FMA to provide this service.

The FMA is the competent supervisory authority and is responsible for supervising compliance with all due diligence and reporting obligations as well as the adequacy of the risk monitoring of securitisation participants. All information is collected and held centrally in the securitisation repository. Securitisation repositories require authorisation from and are supervised by ESMA.

---

## REGULATORY ACTIVITIES OF THE FMA

In accordance with the owner strategy, the FMA supports the Government in regulatory projects and provides a public service in this regard. For this purpose, a service agreement was concluded between the Government and the FMA. The FMA's regulatory reporting listed 15 regulatory projects in the process of implementation at the end of 2022. Additionally, the FMA works to implement numerous regulatory and implementing technical standards of the European Union. Alongside 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. The FMA's contribution to joint regulatory activities amounted to 4,746 hours of work in the reporting year.

---

## SANCTIONS AGAINST RUSSIA

---

In response to military aggression against Ukraine, the European Union has imposed a series of sanctions against the Russian state, companies, and individuals. As of the end of 2022, the EU issued a total of nine sanctions packages. The sanctions packages issued by the EU were implemented autonomously by Liechtenstein. The sanctions were implemented in Liechtenstein by means of ordinances, which the FMA helped to draft and revise. The far-reaching financial sanctions, which had never been imposed before in this form, required extensive support by the FMA during implementation in Liechtenstein. The first six sanction packages in particular contained numerous financial sanctions relevant to the Liechtenstein financial sector. These included the freezing of assets and economic resources with a nexus to Russia and a report-

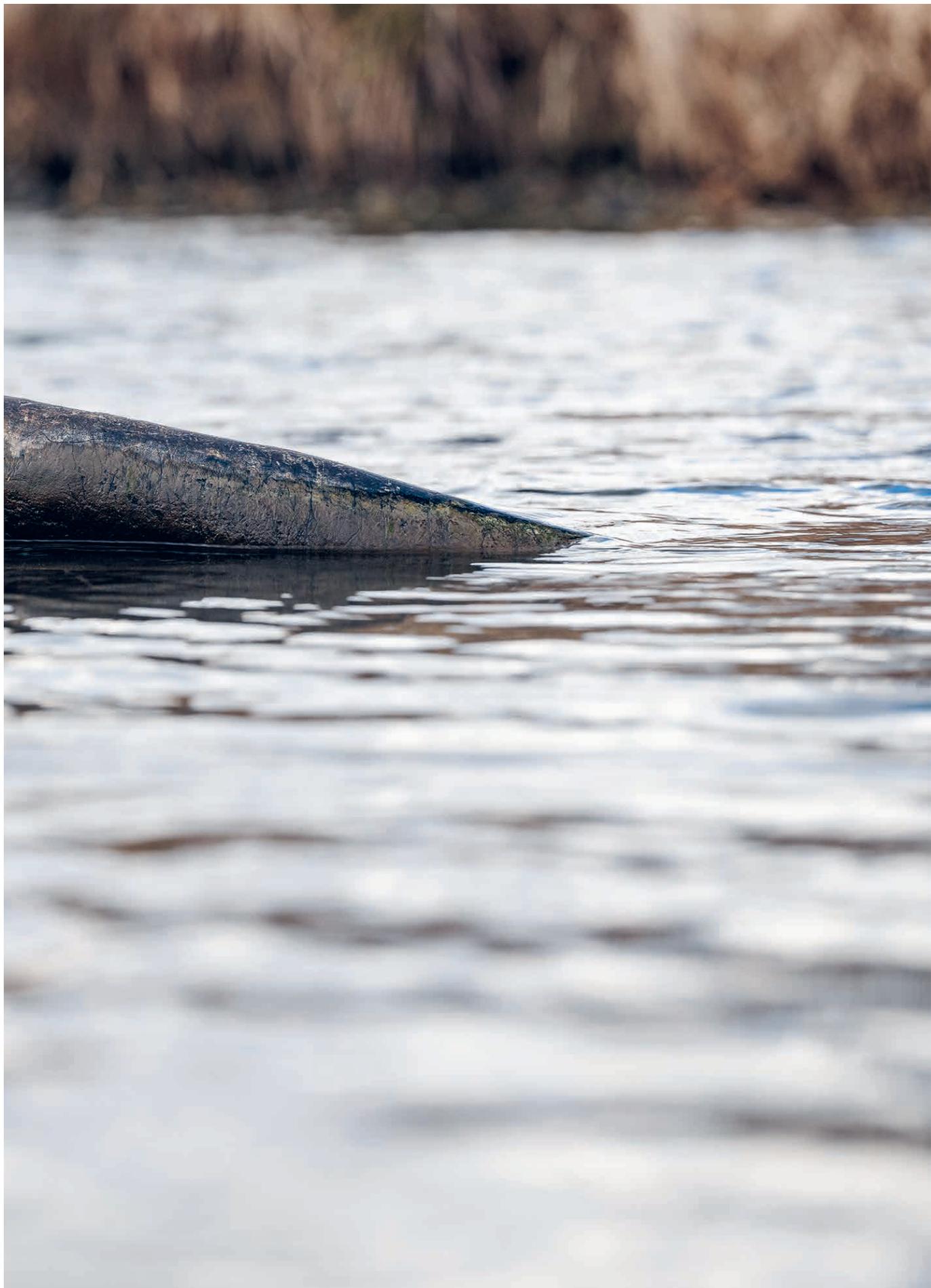
ing obligation to the Financial Intelligence Unit (FIU), a prohibition on financial assistance for trade, a prohibition on lending, a prohibition on deposits, a prohibition on the provision of services to central securities depositories and other service prohibitions or restrictions, a prohibition on the sale of transferable securities, several transaction prohibitions, prohibitions on participation in companies in the energy sector, and a prohibition on the export of banknotes. Implementation required close coordination between the FMA, the FIU, the Ministry of General Government Affairs and Finance, and the Office of Justice.

## EUROPEAN REGULATION OF CRYPTO MARKETS

---

New technologies in the financial industry mean that new market participants, new services, and new business models are emerging. To further develop and promote the innovation potential of the digitalisation of the financial sector, while at the same time addressing possible risks and protecting investors and financial markets, the European Union has presented a Digital Finance Package. One element of this is the Markets in Crypto-Assets Regulation (MiCA Regulation or MiCAR), which was still in the drafting stage at the end of 2022. The main objective of the directly applicable regulation is to create a harmonised regulation for crypto-assets within the EU, ensuring a secure legal framework for crypto service providers.

MiCAR defines crypto-assets in general as a digital representation of value or rights which may be transferred and stored electronically using distributed ledger technology or similar technology. The regulation fills regulatory gaps and includes numerous transparency and organisational requirements for issuance, trading, and custody that must be provided by crypto service providers. The structure of MiFID (the Markets in Financial Instruments Directive) largely served as the model. MiCAR provisions on the protection of investors, for



Inland Canal by the Medergass Schaan

example, state that crypto platforms shall be liable for assets deposited with them and that these assets shall be allocated directly to clients. MiCAR also requires every digital currency issuer to prepare a prospectus. Similar to a securities prospectus, this prospectus must explain in detail who is behind the product, how it works, and what risks the investment entails.

The MiCAR rules were referred to the European Parliament by the Council at the beginning of October 2022. Adoption in the EU Parliament is planned for spring 2023. After entry into force, transition periods of up to 18 months are provided. The FMA is currently reviewing national implementation of the EU regulation.

Another key component of the EU Digital Finance Package is Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (Digital Operational Resilience Act, DORA). With this regulation, the EU is tightening the requirements relating to IT security in the financial sector and establishing a corresponding supervisory regime. In addition to cybersecurity and defence against external attacks, the regulation's objectives include the general reliability and freedom from disruption of the IT systems used by financial intermediaries and service providers.

### **STRENGTHENING STABILITY IN THE BANKING SECTOR**

---

In mid-2019, the Banking Package was published in the Official Journal of the EU. This package includes amendments to the key EU regulatory framework for banks (Capital Requirements Directive, CRD, and Capital Requirements Regulation, CRR) and the EU resolution regime (Bank Recovery and Resolution Directive, BRRD). One of the aims of the package is to strengthen the stability of banks and banking groups. In super-

visory law, key requirements of the Basel Committee on Banking Supervision are implemented for the EEA. These include more risk-sensitive capital requirements, a binding leverage ratio to prevent institutions from excessive leverage, and a binding net stable funding ratio to address the excessive reliance on short-term wholesale funding and to reduce long-term funding risk.

The Banking Package also aims to improve the capacity of banks to lend to SMEs. The importance of banks as providers of capital was recently highlighted once again in the wake of the Covid-19 pandemic. The Banking Package also reduces the administrative burden for less complex, small banks, where that burden appears disproportionate.

Liechtenstein is adopting a two-stage implementation of the Banking Package. In the first stage, CRD V and CRR II were implemented. An FMA project team was responsible for transposition of these extensive and complex EU legal acts. The CRD V Directive had to be transposed into national law. The FMA prepared the consultation report and the report and motion. The adjustments resulting from CRD V entered into force on 1 May 2022. Upon incorporation into the EEA Agreement, CRR II is directly applicable in Liechtenstein. The first step of the two-stage implementation of the Banking Package was completed by mid-2022.

In the second stage, the implementation process of BRRD II began in 2022 with amendments to the Recovery and Resolution Act (SAG). Through BRRD II, the FSB standard for total loss-absorbing capacity in particular will be integrated into the existing rules on minimum requirement for own funds and eligible liabilities (MREL) of credit institutions. The consultation period for amendment of the Recovery and Resolution Act (SAG) and the amendment of other laws to transpose BRRD II ended on 31 May 2022. The proposal was given its first reading by Parliament at the end of 2022. Com-

## PERSISTENTLY HIGH

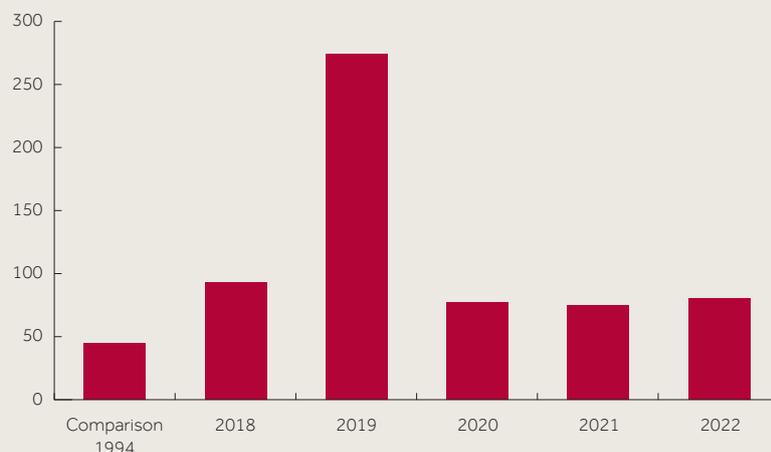
# REGULATORY PRESSURE

The regulatory density in the financial services sector has increased steadily in recent years – triggered by various crises and incidents – both globally and in the EEA.

Liechtenstein's financial market regulation is shaped by EU regulation with EEA relevance. On the basis of EEA incorporation decisions, the EEA/EFTA states adopt the relevant legal acts into the EEA Agreement or into their respective national legal systems after joint coordination with the EU. In the past five years, an average of about 120 legal acts have been incorporated each year in the financial services sector (both

Level 1 and Level 2 legal acts). In 2019 alone, 274 legal acts were incorporated. The share of financial services legal acts relative to all EEA-relevant legal acts has also been increasing in recent years. Between 2018 and 2022, about 21% of all EEA-relevant EU legal acts concerned the financial services sector. This is three times more than in 1994.

**Figure 6**  
EEA-relevant EU legal acts in the financial services sector



pletion of the EEA incorporation process for the BRRD II Directive and its national transposition is expected in mid-2023.

## OUTLOOK

---

In July 2021, a package of legislative proposals to combat money laundering and terrorist financing (EU AML package) was presented by the European Commission. The EU AML package aims to eliminate disparities in implementation among member states and harmonise the approach to money laundering regulation in the European Union (EU) and the European Economic Area (EEA). The package provides for the creation of an EU authority to counter money laundering and the financing of terrorism (Anti-Money Laundering Authority, AMLA). AMLA's tasks will include direct supervision of high-risk, cross-border companies and the review and coordination of national supervisory authorities. The full EU AML package, including the regulatory technical standards, is expected to be completed by the end of 2025 and to apply from January 2026.

In mid-March 2020, the FMA was mandated by the Ministry of General Government Affairs and Finance to prepare an overview of possible options for redesigning the regulatory structure of supervisory law applicable to banks and investment firms and to make a recommendation for possible restructuring. The new concept envisages a fundamental restructuring of the legal basis for the supervision of banks and investment firms. In addition to disentangling the Banking Act (BankG), which includes unbundling of the MiFID II/MiFIR content, the restructuring envisages a separation between prudential supervision, conduct-of-business supervision, and market supervision through the creation of an Investment Services Act and a Trading Infrastructure Act/Markets Act. In addition, the legal basis for prudential supervision of banks and investment firms will be separated according to the addressees with the creation of an Investment Firms Act. This approach follows the structure of the European legal framework. The FMA established a separate project group for implementation of this regulatory project. The redesign of financial market law is to be completed by 1 January 2025.



Valuenabach Steg

PROGRESS REPORT

# EXTERNAL RELATIONS

The FMA maintains intensive contact with representatives of the private and public sector at both the national and international level. At the national level, the focus in 2022 was again on the exchange and transfer of knowledge concerning regulatory projects as well as current issues such as sustainability and cyber risks. The FMA hosts events on these topics. FMA representatives are also invited to financial industry events as experts or speakers. As a member of the most important European and international supervisory bodies, the FMA represents Liechtenstein's interests at the global level. The FMA leadership visited Switzerland and Germany for work meetings and met with representatives of industry associations. These encounters serve to convey knowledge about the Liechtenstein financial centre, to strengthen confidence in it, and to address the interests of Liechtenstein and Liechtenstein financial intermediaries.

## WORK MEETINGS IN BERLIN AND MUNICH

One of the FMA's core tasks is to promote knowledge about the Liechtenstein financial centre and to strengthen confidence in it. High-level representatives of the Financial Market Authority regularly visit international financial metropolises to provide information about the domestic financial centre. Two such work meetings took place in Germany in the reporting year.

Germany is an important market for Liechtenstein's banks, insurers, asset managers, the fund centre, and the fiduciary sector. Thanks to Liechtenstein's membership in the EEA, Liechtenstein financial market participants have direct market access to the country and its 84 million inhabitants.

In September 2022, a Liechtenstein delegation travelled to Berlin, where it met with members of the German Bundestag and high-ranking representatives of public authorities and the private sector. Discussions focused on implementation of international sanctions, financial stability in the face of geopolitical and economic risks, the contribution of the financial sector to achieving international sustainability goals, and the transformation of the financial sector through innovative financial technologies. The fight against money laundering was also discussed. The delegation consisted of Isabel Frommelt-Gottschald, Liechtenstein Ambassador to Germany; Christian Batliner, Chairman of the Board of Directors of the FMA; and Mario Gassner, Chief Executive Officer of the FMA.

In October 2022, Christian Batliner and Mario Gassner travelled to Munich for a further work visit. With the support of Liechtenstein's Honorary Consul Christian Waigel, they held talks with representatives of the public authorities and the business community. A meeting took place with the regional office of the German Bundesbank in Bavaria. The meetings focused on financial stability and supervisory topics.

## FACTS AND FIGURES ON OCCUPATIONAL RETIREMENT PROVISION

The FMA also supervises institutions for occupational retirement provision (pension schemes). Each autumn – including in the reporting year – the FMA publishes a report on developments in the second pillar of pension provision in Liechtenstein. The report shows that in 2021, pension schemes reported higher coverage ratios than in the previous year thanks to the positive developments on the financial markets. The interest on savings capital also increased, while conversion rates continued to fall. The publication also specifically addresses the idea sometimes voiced by the public and policymakers that early withdrawal of occupational pension assets should be allowed for purchasing residential property in Liechtenstein.

### LEARN MORE

#### The figures at a glance



## BREXIT

The United Kingdom withdrew from the European Union on 31 January 2020. With its withdrawal from the EU, the UK also left the European Economic Area (EEA) – the primary basis for (economic) relations between Liechtenstein and the UK. This means that effective 1 January 2021, UK financial services providers lost their passporting rights, i.e., their automatic market access to the EEA. In Liechtenstein, UK financial intermediaries have been subject to the relevant third-party provisions set out in the special laws since 1 January 2021. The trade agreement with the UK, signed by Liechtenstein together with the EEA/EFTA states Norway and Iceland, has been in force since 1 January 2022. With regard to financial services, the agreement emphasises in particular that Iceland, Liechtenstein, and Norway enter into their obligations subject to the applicable supervisory regulations of the EEA Agreement and the national law derived therefrom, including the third-country provisions and equivalence decisions issued by the European Commission and incorporated into the EEA Agreement. The FMA accompanied the developments relating to the planned withdrawal of the UK from the European Union within the scope of its competence in order to support the Liechtenstein financial centre and Liechtenstein financial intermediaries in their Brexit preparations. It did so in close coordination with the Office for Foreign Affairs, the EEA Coordination Unit, and the Ministry of General Government Affairs and Finance. The EFTA Secretariat also performed important work to coordinate the activities of the EEA/EFTA states with each other and with the EU. Measures were taken by the European Supervisory Authorities (ESAs) as well to prepare for the post-Brexit situation. At the technical level, the FMA is in an ongoing close exchange with the UK financial supervisory authorities to facilitate the cross-border provision of services within the framework provided by the law. As part of these efforts, the FMA participated in the work on the UK Overseas Funds Regime Equivalence Assessment.

## FINANCIAL STABILITY FORUM

how stable is the financial market in Liechtenstein? Where are the risks? What can be done about them? The FMA's annual Financial Stability Report addresses these questions and more. The 2022 issue was presented to the broader public at the Financial Stability Forum in November. Prime Minister Daniel Risch welcomed the participants in Vaduz. The Head of Financial Stability, Martin Gaechter, presented the key findings of the report before a panel discussion with renowned experts analysed them in greater depth. Panellists included Martin Schlegel, Vice Chairman of the Governing Board of the Swiss National Bank (SNB), who also delivered the keynote of the evening.

### LEARN MORE

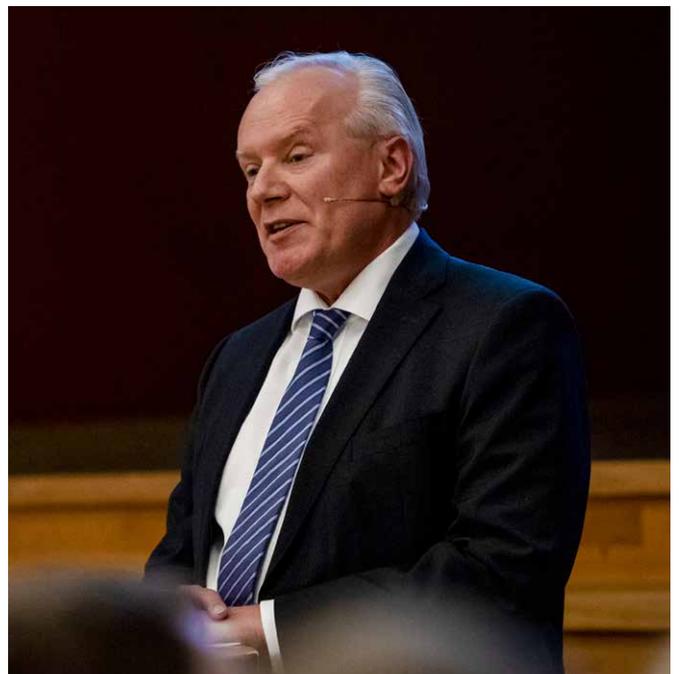
#### Interview with Martin Gaechter





# FINANCIAL STABILITY FORUM

From left to right: Andreas Brunhart, Head of Economic Research at the Liechtenstein Institute; Martin Schlegel, Vice Chairman of the Governing Board, Swiss National Bank; Mario Gassner, CEO, FMA Liechtenstein; Thomas Gitzel, Chief Economist, VP Bank AG; Martin Gaechter, Head of Financial Stability, FMA Liechtenstein



# COOPERATION WITHIN THE EUROPEAN SYSTEM OF FINAN- CIAL SUPERVISION

The European System of Financial Supervision (ESFS) is a multi-layered system of micro- and macroprudential authorities that aims to ensure consistent and coherent financial supervision in the EU. In the reporting year, the FMA participated in working groups including the following:

## **Standing Committee on Regulation and Policy (SCRePol) of the EBA**

---

The main responsibilities of the SCRePol are to advise the EBA in the fulfilment of its mandate and to support the EBA's work programme in banking, payments, money and electronic money regulation, capital requirements, and corporate governance. The SCRePol supports the development of a single rulebook and improved functioning of the single market, especially with regard to a sound, effective, and consistent level of regulation, safeguarding the integrity, transparency, efficiency, and proper functioning of the financial market, preventing regulatory arbitrage, and promoting a level playing field. In this way, the SCRePol helps to establish common regulatory standards and practices of high quality and the uniform application of binding legal acts in the European Union and the European Economic Area.

## **Resolution Committee (ResCo) of the EBA**

---

The ResCo is the European body for bank resolution and resolution planning. Members of the ResCo are senior managers of the national resolution authorities (NRAs). The ResCo is concerned with both the strategic direction of European resolution agendas, e.g. uniformity of approach and convergence of relevant standards, and the operational feasibility of resolution tools. For this purpose, the ResCo has several technical working groups that provide input, in particular on resolution planning and the implementation of resolution measures, but also on the interfaces with the deposit insurance scheme and on disclosure and specific reporting requirements. The ResCo also carries out crisis simulations and lessons learned sessions in which members share their national crisis management experiences. The FMA actively participates in both the ResCo and its technical subgroups. In addition to practical benefits for the FMA's work, participation in the ResCo also ensures an increased awareness of the challenges faced by smaller member states on the international stage.



**Figure 7**  
Cooperation within the European System of Financial Supervision

### Committee on Consumer Protection and Financial Innovation (CCPFI) of EIOPA

The CCPFI plays an important role in EIOPA's work in the area of conduct-of-business regulation and supervision in the insurance industry. It is mandated by EIOPA's founding regulation to bring together all relevant competent authorities and consumer protection authorities with a view to enhancing consumer protection, achieving a coordinated approach to the regulatory and supervisory treatment of new or innovative financial activities, and providing advice for EIOPA to present to the EU institutions.

The Committee facilitates EIOPA in advancing its strategy towards a comprehensive risk-based and preventive framework for conduct-of-business supervision by taking a proactive role in intervening early to tackle risks of consumer detriment, by building a coordinated understanding of issues that go beyond one national market, and by promoting an effective and consistent level of regulation and supervision.

In addition to developing technical standards, guidelines, and recommendations, the CCPFI's responsibilities include preparing and conducting market studies to assess the impact of standards and guidelines.

A special focus in 2022 was on consumer protection covering the entire product life cycle, placing a greater emphasis on preventive, risk-based regulation and supervision.

## ANNUAL MEDIA CONFERENCE: FINANCIAL SECTOR ON GROWTH PATH

---

Guests were warmly welcomed to the annual media conference on 13 April 2022 – the first time since the Covid-19 pandemic had prevented it from being held in person in the two previous years. Chairman of the Board of Directors Christian Batliner and CEO Mario Gassner informed attendees about the state of the Liechtenstein financial sector in 2021. In the second year of the pandemic, the financial sector reported good results and continued to grow. It was apparent already at the time of the annual media conference, however, that the war in Ukraine would pose a major challenge to the economic situation of the financial sector. Christian Batliner and Mario Gassner also stressed the importance of sustainability and cybersecurity as strategic topics for the financial centre. The FMA pays particularly close attention to these issues and strives to support financial market participants in this regard.

---

## WELCOME TO THE FMA

The FMA is an approachable authority and is available to its clients in a timely manner. During the reporting year, approximately 440 meetings with external clients were held on the premises of the FMA. This is a significant increase over the previous year (211), but by no means as high as before the pandemic. Most of the meetings continued to be conducted via videoconference. Feedback from clients indicates, however, that physical meetings are still considered necessary and valuable.

---

## NATIONAL COOPERATION

---

the FMA maintains a close dialogue with professional and industry associations. In addition to sustainability and cyber risks, the war in Ukraine and its consequences were major topics of discussion in the reporting year.

Regulatory developments are another focus of exchanges with market and industry representatives every year. During the reporting year, the FMA again regularly participated in or conducted events and workshops on these developments, including workshops on the Sustainable Finance Package and on real estate risks. FMA specialists also gave presentations at several information events and conferences. These are welcome opportunities for the FMA to provide financial market participants with first-hand information on supervisory or regulatory issues.

Relations with the Government and other authorities arise from supervisory activities, the preparation of regulatory projects on behalf of the Government, or the involvement of the FMA in international supervisory bodies. In addition, several bodies convene regularly, such as the Financial Stability Council, the Task Force on Restrictions on Liechtenstein Companies and Financial Centre Participants, and the Financial Stability Dialogue, in which representatives of the Government, the public authorities, and, as appropriate, market participants exchange views. Discussions are also held between the Financial Market Authority and the Government on current topics as needed, such as in the reporting year on the redesign of financial market law.

## BILATERAL COOPERATION

cooperation with foreign partner authorities plays an important role in supervisory activities. Financial intermediaries engaging in international business necessitate international cooperation in supervisory activities. In 2022, the FMA chaired colleges with national supervisory authorities of other countries and also participated in colleges organised by other supervisory authorities. In 2022, the colleges were again increasingly held in the form of conference calls or videoconferences. Supervisory cases also required cooperation with partner authorities.

## EUROPEAN COOPERATION

the FMA is a member of the European System of Financial Supervision (ESFS). In this context, the FMA participates in numerous committees and working groups of the European Supervisory Authorities (ESAs) and the European Systemic Risk Board (ESRB) relevant for the Liechtenstein financial centre.

The ESAs ensure consistent and equivalent implementation and application of the regulatory framework for financial market supervision throughout Europe. For this purpose, the national financial supervisory authorities undergo regular peer reviews. In the reporting year, the FMA was involved in four peer reviews. Two of these were completed in 2022.

## FOUR-COUNTRY MEETING

The leadership of the financial market supervisory authorities of Germany, Austria, Switzerland, and Liechtenstein met in Vaduz in November. The traditional meeting takes place each year in one of the four countries. The main topics were the supervisory priorities for 2023, sustainable finance, and crypto regulation.



*The leadership of the financial market supervisory authorities received by H.S.H. Hereditary Prince Alois at Vaduz Castle.*

The FMA also received 53 questionnaires from the ESAs (previous year: 70). One of the aims of these questionnaires – some of which are very extensive – 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. The topics covered are very diverse. For example, EIOPA asked about current consumer trends in several questionnaires.

Authority	Peer review	Outcome
ESRB	Peer review on ESRB recommendation 2014/01	Not completed by the end of 2022
EBA	Peer review on authorisation under PSD2	Completed, report pending
EIOPA	Peer review on product oversight and governance	Not completed by the end of 2022
EIOPA	Follow-up peer review on propriety	Completed, fully implemented

**Table 9**  
Peer reviews

Other important topics of the questionnaires in the reporting year included cross-border fund distribution, greenwashing, and the pensions market.

In the context of incorporation of new EU acts with EEA relevance into the EEA Agreement, the FMA represents Liechtenstein's interests together with the Ministry of General Government Affairs and Finance and the EEA Coordination Office. Coordination in this regard largely takes place in the relevant EFTA working groups.

---

## 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, six FMA employees gave six presentations at public events. Priorities included regulatory topics in banking as well as new financial technologies. Employees also gave presentations at Compliance Day 2022, 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 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. 16 FMA employees taught a total of 71 lessons.

---

## GLOBAL COOPERATION

---

the FMA is a member of the most important international supervisory bodies, where it represents Liechtenstein interests. These include the International Organization of Securities Commissions (IOSCO), the International Association of Insurance Supervisors (IAIS), and the International Organisation of Pension Supervisors (IOPS). The meetings of these bodies again primarily took place digitally in 2022. 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). MONEYVAL evaluated Liechtenstein's compliance with international AML standards in 2022 and gave Liechtenstein good marks.

## OUTLOOK

---

The FMA strives to expand its international relations and to use them to strengthen the reputation and promote understanding of the financial centre. Particular importance is attached to strategic cooperation with partner and cooperation countries in support of Liechtenstein interests. As part of the public affairs strategy pursued by the FMA, visits to its counterparts and Liechtenstein financial intermediaries in Singapore and Hong Kong are planned for 2023.



Oberau Canal Ruggell

PROGRESS REPORT

# ENTERPRISE AND TEAM

The increasingly digital and virtual approach to work has become the new normal at the FMA. In principle, FMA employees can work from any location. Because of digitalisation and social changes, the working world has been undergoing a major transformation for several years now. The redesigned offices are intended to accommodate future forms of work, ensuring the attractiveness of the FMA as an employer. The FMA pays fair wages and does not discriminate against women or men. This is the conclusion of a study of the FMA's wage structure conducted by experts of the University of St. Gallen. The FMA offers junior employees numerous opportunities for a successful career start.

## DIGITAL WORK IS THE NEW NORMAL

---

the effects of the Covid-19 pandemic were still being felt at the beginning of 2022. Thanks to a high level of digital maturity in business and supervisory processes and a work-from-home policy established already before the pandemic, however, the work of the FMA continued without any restrictions. The increasingly digital and virtual approach to work has become the new normal at the FMA, and the advantages continue to be utilised now that the epidemiological situation again largely permits work on site. In principle, FMA employees can work from any location. They have the same digital working environment and the same access privileges as in the FMA offices. With these opportunities, the FMA is also responding to current trends in human resources policy, such as the increased prevalence of new forms of work, the need for a balance between work and private life, the advances of digitalisation, and the emergence of sharing models.

---

## NEW WORK

The working world is undergoing a major transformation. The new FMA human resources strategy for the period 2022 to 2028 provides for adjustments to the FMA's premises. The redesigned offices are intended to accommodate future forms of work.

---

Sufficient availability of qualified specialists is of crucial importance for the FMA to be able to fulfil its mandate. It means that the attractiveness of the FMA as an employer and its incorporation of current trends in human resources policy are essential. In 2015, the Board of Directors adopted a human resources strategy aimed at promoting the attractiveness of the FMA as an employer and ensuring the further development of human resources policy. In 2018, the strategy was

supplemented with a gender diversity strategy, which aims to ensure compatibility of family and career for women and men, irrespective of hierarchical level and function, and in particular to increase the proportion of women in the management team. Building on these strategies, the Board of Directors adopted an updated human resources strategy in December 2021 with a time horizon until 2028. Several factors relating to human resources management, such as sustainability and agility, have increased in the meantime. Sustainability includes an environmental dimension, such as the FMA's environmental footprint; an economic dimension, such as human resources development; and a social dimension, such as diversity and the compatibility of family and career. Agility aims to ensure that necessary changes can be introduced in a forward-looking, flexible, and proactive manner as a result of changing conditions. External framework conditions such as digitalisation, social and demographic change, and sustainable development goals are the drivers of such changes.

The FMA has identified three main aims: further enhancing the employer brand, supporting digitalisation through human resources policy, and realignment of management training. The FMA's attractiveness as an employer is to be further enhanced in the relevant labour markets. Key elements include an appreciation concept for the performance, dedication, and attitude of employees; compatibility of family and career; employer marketing; sustainable retention of employees through attractive continuing training opportunities and occupational health management; and the inclusion of social issues such as climate protection in human resources policy. A further aim is to support digitalisation through human resources policy: In addition to the efficient deployment and use of digital technology, a digital mindset and digital skills are to be promoted. Of particular relevance is mobile work, involving a modern spatial concept and work from home to establish flexible forms of work and cooperation. Human resources policy solutions are being

developed for the social aspects of digitalisation. Management training is being guided by the new demands on management work. The focus is on socially, economically, and environmentally sustainable thinking and action, competencies with regard to digitalisation and mobile work, and dealing with change with a view to new forms of work.

---

### STRATEGIC MEASURES AND INITIATIVES

For the strategic period until 2028, the FMA has developed measures and initiatives to implement the aims of the human resources strategy. A few examples:

- More sustainable human resources policy through retention measures (retaining employees at the FMA for longer to ensure continuity), rehiring measures (rehiring employees who have left the FMA, such as due to family commitments), and occupational health management measures (supporting the healthy lifestyle of employees).
  - Modernised e-learning, including access to self-learning programs – especially for strengthening and promoting employees' digital skills.
  - Promoting change management skills among managers to strengthen their ability to deal with uncertainty.
- 

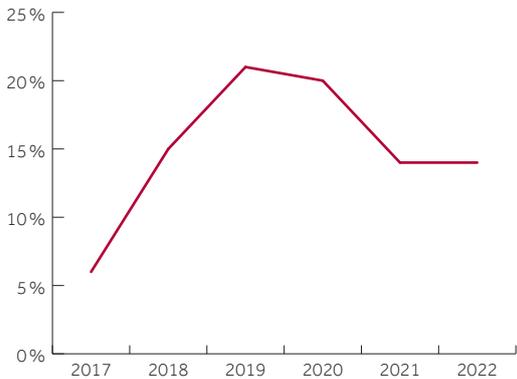
The organisational structure of the FMA is reviewed regularly, including in the reporting year. In light of the ever-increasing importance of overarching strategic topics as well as IT, corporate development, HR, and organisation, the Board of Directors and the Executive Board decided to strengthen the cross-divisional units and to reflect their increasing importance in organisational terms as well. The former "Central Services" unit has been converted into an "Operations Division" with two sections, "Information and Communication Technologies" and "HR/Finance and Services". A new "Financial Stability" unit has been created with two sections, "Macroprudential Supervision" and "Resolution". The former "Executive Office" has been converted into a "Strategic Affairs" unit with three sections, "Communications", "Legal and International Affairs", and "Regulatory Laboratory/Financial Innovation".

The effectiveness of the human resources strategy is reviewed on a regular basis. The FMA was awarded the Swiss Employer Award in 2020, ranking second in the category of medium-sized companies. In the reporting year, the FMA received the Top Company Award from kununu, a platform for rating employers.

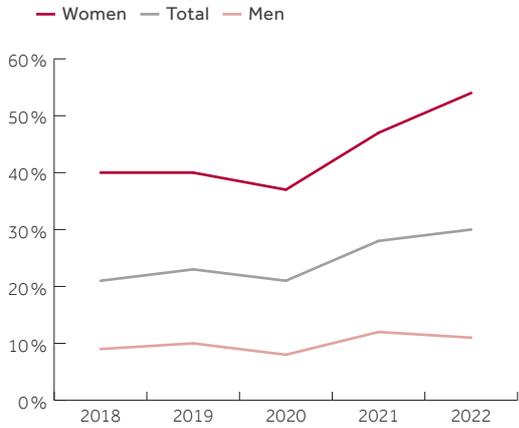
The gender diversity strategy set a target of 20% women in management positions in 2021. The share rose from 6% in 2017 to 21% in 2019 and was 14% in 2022. At the end of 2022, there were 3 women and 19 men in management positions.

The share of women in the FMA workforce has increased slightly in recent years, reaching 45% at the end of 2022. Compared to supervisory authorities in nearby countries, the FMA's gender distribution is in the mid-range.

The possibility of working part-time is a core element of the compatibility of family and career. Part-time positions are open to all employees, regardless of hierarchical level and function. At the end of 2022, 30% of employees worked part-time, of which 81% were



**Figure 8**  
Share of women in management positions



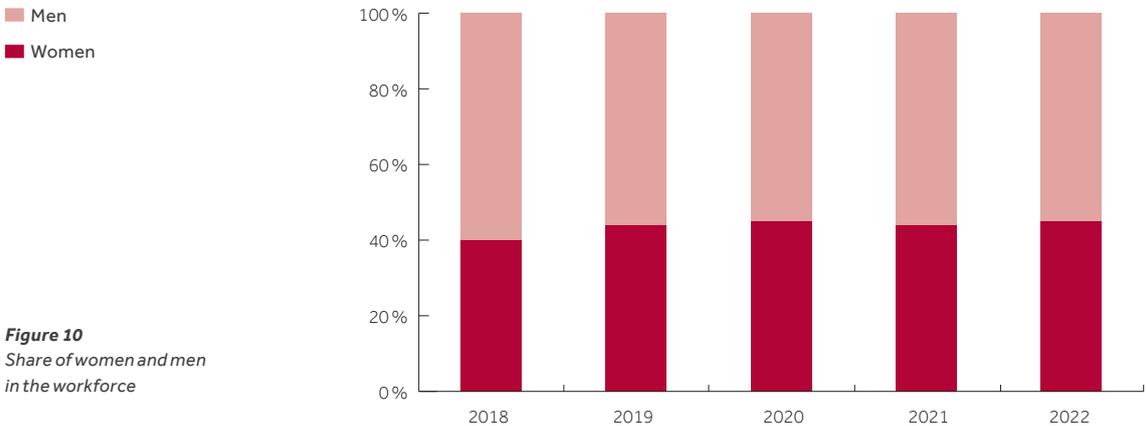
**Figure 9**  
Share of employees with an employment level equal to or lower than 90%

women and 19% men. Part-time work is also increasingly being taken up by men – also in management positions – albeit at a still relatively low level.

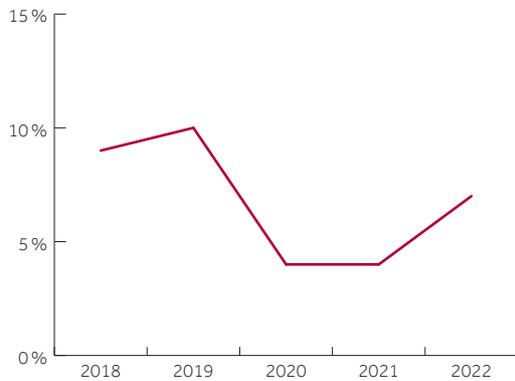
The FMA is interested in the long-term commitment of its employees. This factor is weighted accordingly in the design of working conditions and development opportunities. In 2022, the employee turnover rate was 7%. Before the pandemic in 2019, this figure was just under 10%. A turnover rate of 8% to 12% is considered a good level for a company's development.

Another indicator of employee satisfaction is the low absenteeism rate (illness, accident, maternity) of 3.0% in 2022.

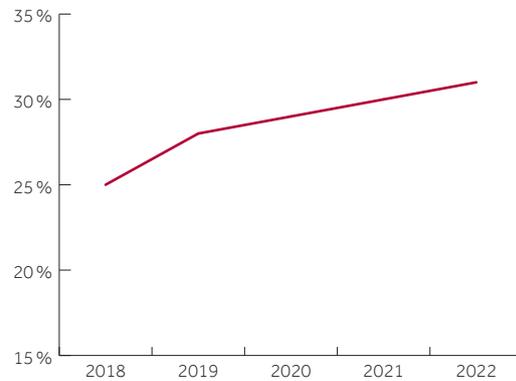
Due to its high demand for specialists, the FMA is dependent on employees from abroad. By positioning itself as an attractive employer with modern working conditions, exciting and responsible work, and good development opportunities, the FMA strives to motivate as many Liechtenstein citizens as possible to apply. Training formats such as internships and a



**Figure 10**  
Share of women and men in the workforce



**Figure 11**  
Employee turnover rate



**Figure 12**  
Share of employees with Liechtenstein citizenship

trainee programme also have the potential to attract Liechtensteiners for subsequent permanent employment. At the end of 2022, 31% of employees were Liechtenstein citizens. At the end of 2015, this share was still 22%, and it has risen ever since. At the end of 2022, 10 interns were working at the FMA.

## NO WAGE DISCRIMINATION AT THE FMA



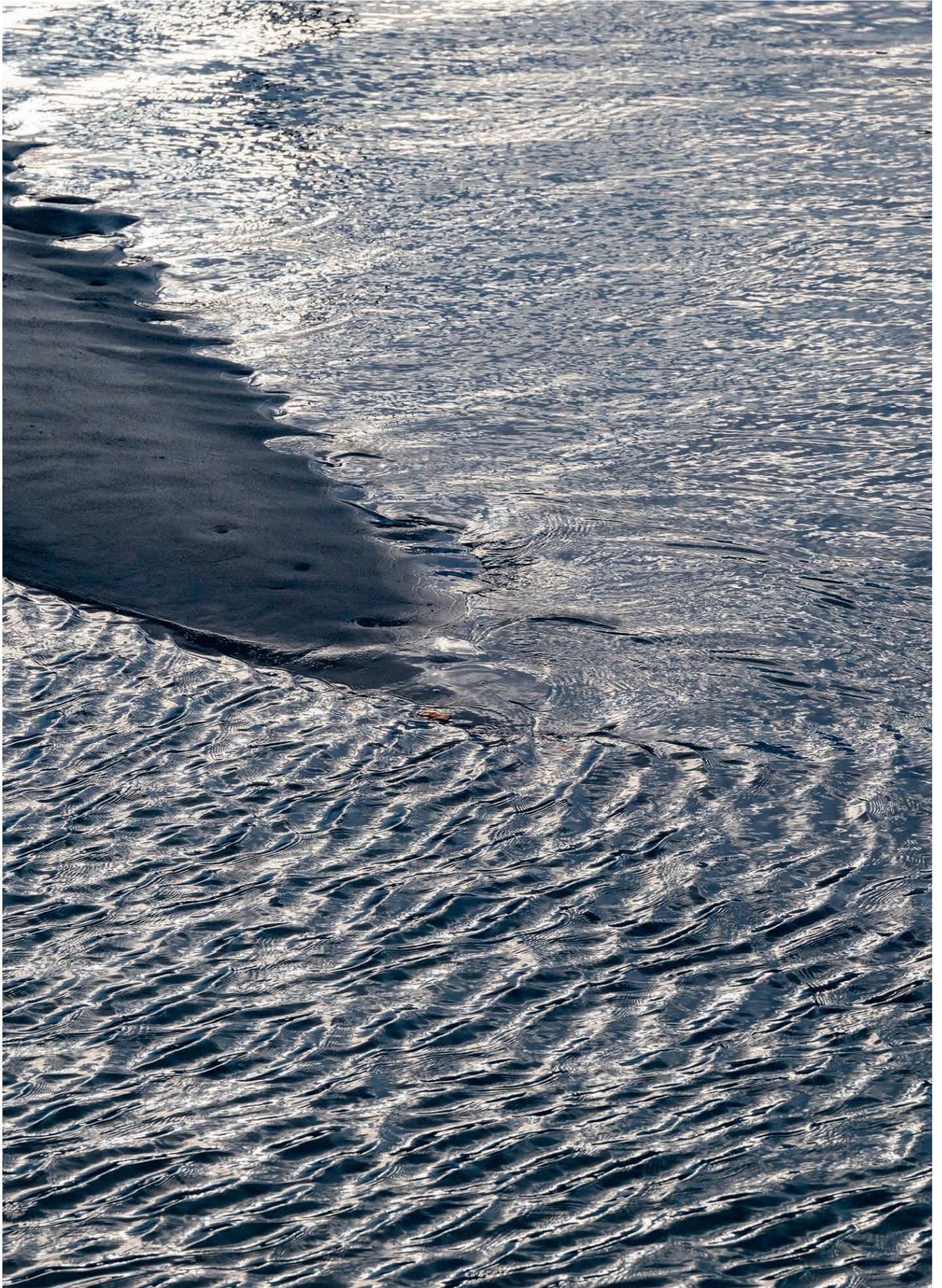
The FMA has always attached great importance to fair pay – both between the sexes and with regard to family status and nationality. The FMA's human resources strategy provides not only for equal pay, but also for having it regularly reviewed by independent experts. This also meets the request of the Liechtenstein Parliament for an external assessment of the wage situation.

The FMA accordingly had its salaries reviewed by the Competence Centre for Diversity & Inclusion (CCDI) of the University of St. Gallen for unexplained wage differences between women and men. The result in brief: The wage analysis shows that neither women nor men experience systematic wage discrimination at the FMA – there is no statistically significant pay gap between the two sexes. The comparison was made between women and men who perform similar activities in terms of responsibility and complexity and who have the same personal qualifications. The analysis also shows that there is no significant pay gap between different nationalities or based on family status. In light of the good result, the FMA was awarded the CCDI's WePayFair label.

### LEARN MORE

#### Balancing family and work





The CCDI recommends that the FMA regularly review pay equality and ensure that the potential of women for higher professional positions is maximised. For this purpose, the FMA already developed a gender diversity strategy in 2018. The strategy includes the goal of ensuring the compatibility of family and career for women and men, irrespective of hierarchical level and function, and in particular to increase the proportion of women in the management team.

### BIKE TO WORK: HEALTHY AND SUSTAINABLE THROUGH THE MONTH OF JUNE

In June, a number of FMA employees took part in the “bike to work” campaign, in which each team commuted to work by bicycle as often as possible. Apart from strengthening team spirit and fitness, the campaign also aimed to promote sustainable mobility. In total, the five FMA teams covered 3,689 kilometres during the challenge, which is equivalent to the distance from Vaduz to Stockholm and back. In the process, they saved emissions amounting to 531 kilograms of CO<sub>2</sub>. As members of the winning teams, Emanuel, Thomas, Mathias, Michael, and Christian received a small prize.



### DIGITAL TRANSFORMATION AND INFORMATION TECHNOLOGY

The FMA is part of the digital financial ecosystem and wants to make an active and pragmatic contribution to the positive development of that ecosystem. The cornerstone for the FMA's digital transformation was laid in 2010 with the adoption of a comprehensive IT strategy. In 2017, a digital strategy was adopted with a time horizon until 2022. This meant that the further digital transformation of the FMA starting in 2023 was planned during the reporting year. The digital strategy for 2023 to 2026 was prepared in the second half of 2022, providing for five digital aims. One of the aims is cybersecurity. The digital strategy is intended to ensure that data security and the availability of the FMA's IT systems are guaranteed at all times. For this purpose, the FMA is also considering the use of cloud services. Key business applications are to be operated in the cloud, where useful. Just as important as the technical further development of the FMA is ensuring a digital mindset and skills among employees. Digital affinity is to be promoted so that employees can use their creative leeway. Finally, data analysis is to be used even more effectively in supervision. In this way, the FMA is making an important contribution to protecting the financial market. The fifth aim provides for the FMA to shape its regulatory leeway in a technology-friendly manner.

In 2020, the Liechtenstein Government and Parliament decided to make electronic communication a mandatory standard for business transactions with public authorities. Electronic communication is intended to make public services more efficient and enable access to public services and information regardless of time and place. To implement this decision, a legal obligation was created for public authorities and private companies to communicate electronically in business transactions. The E-Government Act entered into force on 1 January 2023, requiring all public authorities to communicate electronically in business transac-

tions with other public authorities and with companies. Public authorities are also obliged to communicate electronically with natural persons, provided they have consented to electronic communication. The FMA has long attached great importance to working and communicating as digitally as possible. The FMA has already made many of the necessary adjustments to achieve fully electronic communication. At the beginning of 2022, a framework for fully digital file management was introduced at the FMA, which has since been expanded continuously. The FMA also uses a digital official signature, which replaces physical signatures. The FMA plans to further expand electronic communication channels. For example, electronic delivery and application platforms are already being implemented on the e-Service Portal to supplement the existing reporting platform. In the medium term, the FMA also plans to implement a trust room for secure, encrypted, bidirectional data exchange.

The volume of data processed by the FMA in its supervisory activities is ever increasing. This requires efficient, largely automated data processing that is as error-free as possible. At the end of 2020, the Executive Board adopted a data strategy that addresses these challenges. While data processing so far has focused strongly on manual intervention, process automation is to be strengthened considerably in the course of implementing the data strategy. Automation not only serves to increase efficiency – aggregation of data also makes it possible to take a holistic view of the market across industries and in that way to gain new insights. The data strategy also facilitates the transfer of expertise within the FMA, thereby reducing dependence on individual knowledge carriers. The FMA has created an enterprise-wide “data lake” in which all supervisory data is centrally stored. This enables employees to generate individual visualisations, data clusters, and queries from this data. In 2022, more than 20 employees were already working with the application. All supervisory divisions benefit from the elimination of manual verification steps. More

than 30 reports and more than 200 complex key figures have been implemented in the big data cluster. Six peripheral systems have also already been integrated as data sources.

---

### CORPORATE VOLUNTEERING

Smartphones have become an indispensable part of everyday life. Even banking transactions are increasingly being carried out using smartphones. To ensure that seniors also benefit from these advantages, FMA employees, together with the Liechtenstein Seniors' Association, spent an afternoon in the autumn of 2022 teaching seniors how to use QR codes and the like.

---

### STAKEHOLDER SURVEY ON DIGITAL MATURITY

---

According to the goal statement of the FMA's digital strategy, the FMA is part of the digital financial ecosystem and makes a pragmatic and active contribution to its positive development. But is this also the perception of its stakeholders? To determine this, a comprehensive, internally coordinated survey of the FMA's digital maturity was carried out at the end of 2021. Stakeholders from all financial sectors (market representatives, business association representatives, lawyers) were surveyed in a total of 18 interviews. The result: The interviewees consider the FMA to have a high level of digital maturity, and they consider the FMA's implementation of its digitalisation strategy to be largely in line with their expectations of a supervisory authority and of how the digital transformation should be approached. In general, the respondents attach very high importance to digitalisation, and they have clear ideas about where the FMA meets or fails to meet expectations. The FMA's e-Service Portal received very good marks, for example, but the

respondents also expect rapid further expansion of the portal, especially relating to licensing processes and changes to licences.

To further improve its own digital maturity, the FMA developed an implementation plan with specific measures based on its evaluation of the survey. These measures include updating the digital strategy, incorporating digitalisation into the human resources strategy, and further modernising and expanding the e-Service platform. While some measures have already been implemented, others are part of an ongoing process. These include assigning greater weight to digitalisation in the Executive Board. Other measures have yet to be implemented, such as the launch of the redesigned FMA website, which is scheduled for 2023.

### AI-ASSISTED SUPERVISION

the megatrend of digitalisation is shaped by a wide range of technologies. Artificial intelligence (AI) is one of the main developments. AI makes processes more efficient and gives more depth to forecasts. Wherever large amounts of data are generated or decisions are made on the basis of data, the use of AI may make sense. In financial institutions, for example, AI processes the available data and creates recommendations for investments based on a wide range of models and algorithms.

The FMA itself also makes decisions on the basis of data. In Banking Supervision, for example, prudential reports are submitted periodically. While various analysis and presentation tools are used to review these reports, they do not allow overall patterns to be recognised on the market or in relation to external benchmarks. Moreover, this detailed review still requires resource-intensive, manual steps. This is where the use of AI could bring significant improvements. Innovative tools – referred to as supervisory technology or “supotech” – are being developed specifically for use in supervisory authorities. These promise to increase

efficiency and quality, such as in the proactive monitoring of financial institutions and the early detection of adverse developments. The FMA has planned a feasibility study to show whether the realisation and implementation of AI-assisted plausibility checks and pattern recognition can be carried out in Banking Supervision.

---

### SUSTAINABILITY AT THE FMA

As announced, the FMA Board of Directors adopted a sustainability strategy in 2022 for the Financial Market Authority Liechtenstein. In it, the FMA sets itself the following sustainability goals:

- Climate neutrality by 2035
- Avoidance of negative environmental impacts
- Sustainable human resources policy and leadership
- Sustainable governance structures

The sustainability strategy has been in force since 1 January 2023. For its implementation, the Executive Board is developing specific measures that are continuously reviewed and supplemented, with the support of external experts. FMA employees are also called upon to contribute ideas for implementation measures. Further information: [Focus on sustainability.](#)

---

### 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 integrated 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, summarising the most important levels of action for corporate governance. The GRC system of the FMA is continuously being improved and adjusted. In March 2022, new basic documents were created and existing documents were standardised.

In September of the reporting year, the GRC annual report was taken note of by the Executive Board and the Board of Directors. The report again confirmed that this integrated approach and the integrated risk management and control system of the FMA have proven their worth. The GRC annual report provides a comprehensive overview of all significant sub-aspects of the GRC system and of the activities and events during the reporting period.

At the beginning of the year, the Covid-19 pandemic again placed demands on the Safety and Security Committee. The Safety and Security Committee is responsible for safeguarding the physical safety of FMA employees and is headed by Martin Schaedler, Head of the Operations Division and member of the Executive Board. All security-relevant functions are staffed with the relevant specialists. In the reporting year, the committee assessed the situation on an ongoing basis and, pursuant to the recommendations of the competent authorities, tightened or relaxed measures. Risk management passed this stress test, ensuring that employees' health was protected and

that FMA operations were maintained at all times. In the autumn, the Safety and Security Committee also dealt with the continuation of business operations in the event of a power shortage in the winter.

---

## CHRISTMAS IS THE FESTIVAL OF LOVE, FAMILY, AND GIFTS

But for millions of children worldwide living in poverty, Christmas gifts are a distant dream. For several years now, FMA employees have been collecting Christmas gifts from their colleagues to give to these children. During the 2022 campaign, this initiative once again sent dozens of lovingly wrapped gift boxes on their way to their recipients, where we hope they brought the children much joy.

---

## FMA FUNDING

---

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

In 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 Principality of Liechtenstein will contribute a maximum annual amount of CHF 5 million to FMA funding for the years 2020 to 2023. The effective contribution of the State for the year 2022 was CHF 3.4 million (2021: CHF 2,212,344). In 2022, the FMA imposed 34 legally enforceable fines amounting to CHF 1,436,000. This amount is paid to the National Treasury.

# E-SERVICE PORTAL

Efficient, independent of time and place, sustainable. Digital solutions have many advantages, not least in interactions with public authorities. Since 2015, the FMA has been enabling financial service providers to process various services electronically on its e-Service Portal.

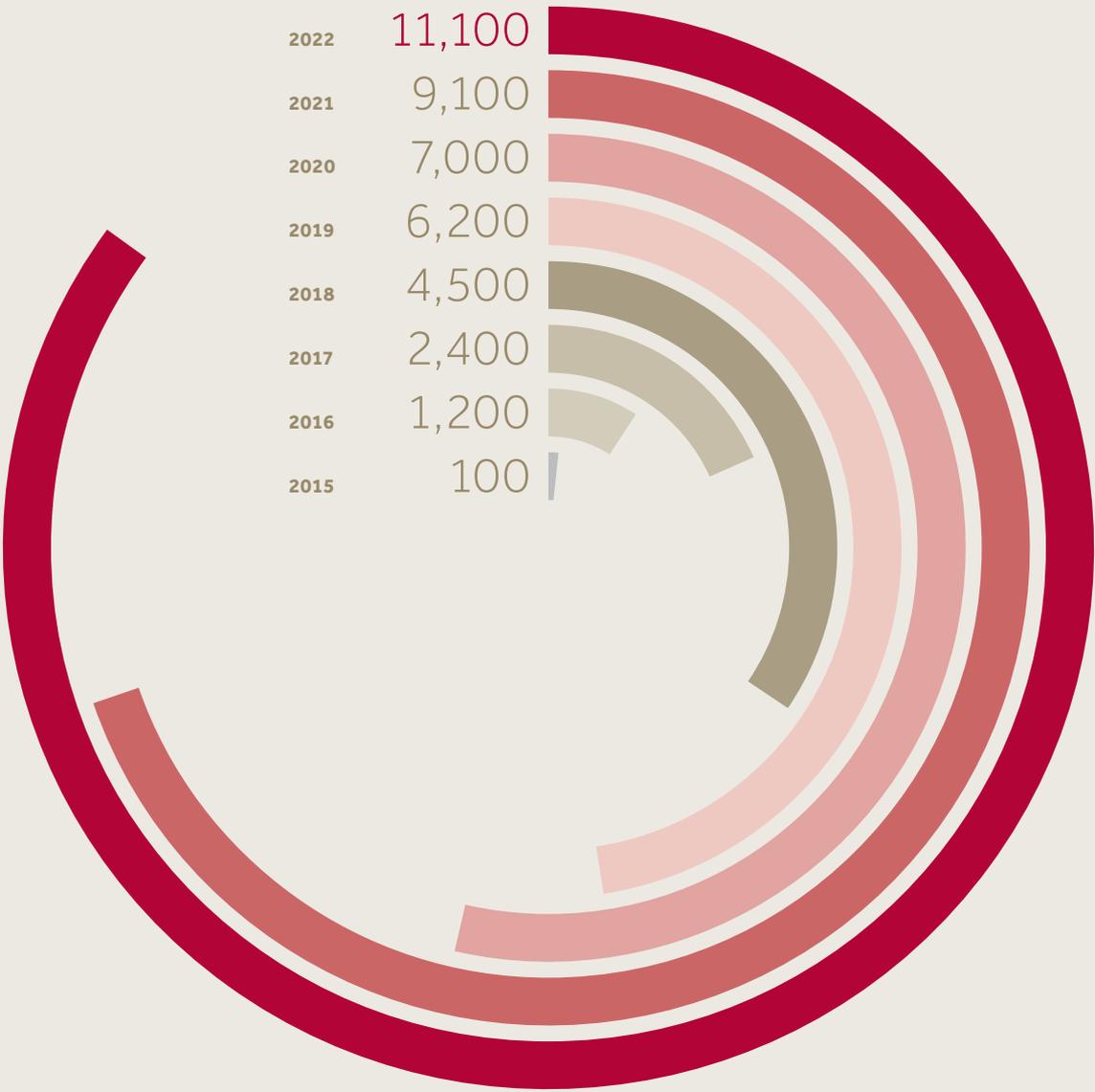
Since its introduction, the FMA's e-Service Portal has become the central point of entry for financial intermediaries when submitting reporting data. In the reporting year alone, more than 11,000 reports were submitted to the FMA via the portal. This is a significant increase over the e-Service Portal's first years of operation.

To meet the increasing regulatory demands and the needs of users, the FMA is constantly investing in digitalisation and the further development of its online tools. A complete redesign of the e-Service Portal user interface was launched in February 2022. The modernised interface offers context-based assistance

for each business process. It is simpler, clearer, and more intuitive. With these adjustments, the FMA is also meeting the requirements of the revised E-Government Act (E-GovG), which provides that business communications between public authorities and natural and legal persons must, in principle, be carried out electronically.

The platform's functionalities are to be further expanded in 2023, especially with regard to the processing of initial and change applications (application module), and will include data exchange and extensions to the privileges available to external e-Service users.

NUMBER OF REPORTS VIA  
E-SERVICE PORTAL



## DEVELOPMENT OF THE WORKFORCE

in 2022, the average workforce was 119 (previous year: 116). At the end of December, the FMA employed 120 people (120). Five were employed on a temporary basis. The share of women was 45% (44%). 36 employees (33) worked part-time. Eight employees (7) left the FMA during the reporting year, and six new employees joined the FMA (10). In total, 106.2 full-time equivalent positions (107.5) were filled at the end of 2022. The staffing plan approved by the Board of Directors provided for 108 full-time equivalent positions (108) at the end of 2022. The staffing plan calls for 111 full-time equivalent positions in 2023. Four of these positions are reserved for Junior Specialists as part of the trainee programme. One of the three new positions is in the area of anti-money laundering to meet the increased requirements and recommendations of MONEYVAL. In this context, a new position in anti-money laundering was previously created through the conversion of a temporary appointment. A second position is assigned to the new responsibility of conduct-of-business supervision in the Insurance and Pension Funds Division. The third position is assigned to the job pool, but 60% of this position is also assigned to conduct-of-business supervision.

## EDUCATIONAL BACKGROUND AND NATIONALITIES

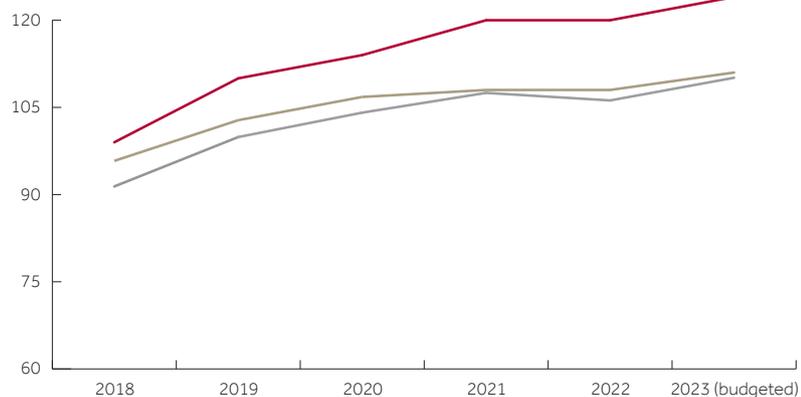
Because of its complex and specialised areas of responsibility, the FMA has a very high share of employees with an academic background. 48% of employees are lawyers, and 34% are specialists such as auditors, banking experts, economists, and actuaries. 18% of employees are officers or have a different educational background. IT specialists are becoming increasingly important.

FMA employees are largely from Liechtenstein and the surrounding countries of Switzerland, Austria, and Germany. 31% of the employees are Liechtenstein citizens, 17% Swiss citizens, 40% Austrian citizens, 11% German citizens, and 1% citizens of other countries. In its recruitment, the FMA strives to encourage as many Liechtenstein citizens as possible to submit job applications.

## CHANGES AND PROMOTIONS

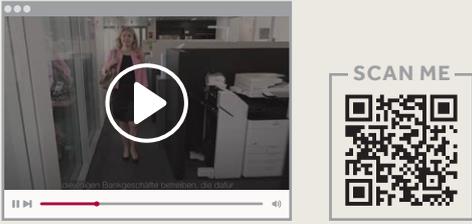
the Board of Directors appointed Reto Degen as a Member of the Executive Board and as Head of the

— Persons  
 — Positions approved  
 — Positions filled



**Figure 13**  
 Development of workforce  
 and positions

**LEARN MORE**  
**Working at the FMA**



Asset Management and Markets Division effective 1 June 2022. Reto Degen holds a degree in Business Administration from the University of St. Gallen, where he also completed his doctorate in Banking & Finance. He holds an Executive Master of Laws (LL.M.) in Banking and Securities Law from the University of Liechtenstein. He had headed the Asset Management and Markets Division on an interim basis since the departure of Marcel Loetscher. Reto Degen has worked for the FMA for many years and enjoys recognition in the financial centre as an expert in asset management.

Johannes Kueng took over as Head of Legal and International Affairs in the Strategic Affairs unit effective 1 April 2022. Martin Gaechter was appointed Head of the newly created Financial Stability unit and the former Macroprudential Supervision section effective 1 April 2022. Thomas Stern was also appointed Head of the Resolution section effective 1 April 2022. Franz-Anton Steurer was appointed Head of Supervision in the Asset Management and Markets Division effective 1 September 2022. Lukas Mueller was promoted to Head of Communications in the Strategic Affairs unit effective 1 October 2022.

## OPPORTUNITIES FOR YOUNG TALENT: PROFESSIONAL TRAINING, TRAINEE PROGRAMME, INTERNSHIPS, AND SECONDMENTS

The FMA relies on a broad spectrum of knowledge and competences of its employees to fulfil its responsibilities. For this reason, it invests heavily in basic and continuing training and attaches importance to the 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 trainee programme guides young professionals through the various supervisory divisions of the FMA. They gain insight into supervisory activities, learn about how various topics interrelate, and benefit from the training effect. At the end of 2022, four positions were filled with young professionals from Liechtenstein. Two trainees are simultaneously completing doctoral degrees. The FMA offers internship opportunities for students and graduates. As of the end of 2022, 10 interns accounting for a total of 8.5 full-time positions (previous year: 10.2) 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 six holiday interns were employed in various areas for a period of one to three months.

Personal insights into the daily work of our apprentices and interns are provided in the chapter [The perfect introduction.](#)

## OUTLOOK

---

The adoption of the human resources strategy for 2022 to 2028 has laid the foundation for ensuring the attractiveness of the FMA as an employer. In 2023, pilot spaces will be converted for the New Work concept, with a further focus on building up and expanding digital expertise. Initiatives to ensure the attractiveness of the FMA as an employer in the long term will also be implemented in 2023, including updating the FMA's employer presence on the internet. The new online career portal is expected to launch in the third quarter.

Sustainability is also of great importance to the FMA, which adopted its sustainability strategy at the end of 2022. The goals of the sustainability strategy are climate neutrality of the FMA by 2035, avoidance of negative environmental impacts, sustainable human resources policy and management, and sustainable governance structures. Even though the FMA has long been engaged in sustainability, the efforts will be intensified in 2023 and the first measures of the sustainability strategy implemented. These measures include optimising waste systems, increasing the recycling rate, reviewing the potential for optimising the photovoltaic system, promoting an even greater regional emphasis in the procurement of products and services, and implementing the new management training concept. Just as important as the environmental dimension is the social component, which is manifested especially in human resources management, respectful and appreciative interaction within the team, good governance, and compatibility of family and career.

The digital strategy for 2023 to 2026 provides for several measures to be taken in 2023. Numerous other IT projects are also planned for implementation. The Executive Board is prioritising IT projects whose implementation has been impacted by the bottleneck affecting both internal resources and external service providers. The high-priority projects in 2023 include implementation of the data strategy, which is intended to make big data usable in supervision, updating of the FMA website and the employer presence, optimisation and stabilisation of the e-Service platform, and integration of the ePost+ delivery platform into the FMA's systems.

---

## TEAM OF THE YEAR

Each year, the HR Award is presented at the HR Inside Summit. Particularly innovative and inspiring ideas, projects, and people from the HR industry in German-speaking Europe are honoured in a total of eight categories. The aim of the HR Award is to provide visions, concepts, and impulses for innovative HR work. The FMA won fourth place in the HR Team of the Year category at the 2022 award ceremony. According to the jury, the FMA's HR team is proof that passion, performance, and commitment are worthwhile: Today, the FMA is known as a very attractive employer on the relevant labour markets, and the trust of its employees is evident. The long-standing HR team is responsible for these great successes, the jurors said in their award statement.

---



Giessen stream Haberfeld Vaduz

# THE PERFECT INTRODUCTION

An internship has a lot to offer: valuable experience, application of specialised knowledge, and relevance to practice. That is why the FMA gives students and young professionals the opportunity to gain initial insights into the world of financial market supervision. At the same time, this is an important contribution by the FMA to the training of professionals in the financial centre.



## SEBASTIEN KRANZ

**Age** 25 **Place of residence** Nendeln **Hobby** FC Vaduz – on and off the pitch; skiing; Nendeln men's choir; politically active **Education** Bachelor of Arts in Business Administration, now working towards master's degree; University of Liechtenstein **Work at the FMA** Intern, Information and Communication Technologies **Why the FMA?** To gain professional experience during my studies, I was looking for an internship. The FMA was recommended to me by people who know my interests. **What do you appreciate most about your internship?** The opportunity to learn interesting things and advance my education in digitalisation. The team takes very good care of me. **Career plans** Master of Science in Entrepreneurship and Management.



Lukas Hasler



Dominik Schedler



Sophia Joya Zimmermann

## LUKAS HASLER

---

**Age** 23 **Place of residence** Eschen **Hobby** Cooking/ baking; hiking; time in nature **Education** Bachelor of Arts in Economics; University of Bern **Work at the FMA** Intern in the Financial Stability unit **Why the FMA?** I am currently doing a gap year. My goal is to gain initial work experience in my field of study. I became aware of the FMA through a friend who also did an internship here. With its responsibilities in regulation and supervision, the FMA is unique in Liechtenstein.

**What do you appreciate most about your internship?** The FMA works hard to have satisfied employees so that they enjoy coming to work and do their jobs well.

**Career plans** Completion of master's degree; what comes after that is still up in the air.

## DOMINIK SCHEDLER

---

**Age** 26 **Place of residence** Vaduz **Hobby** Hiking; travel; sport **Education** Bachelor of Law, University of Zurich **Work at the FMA** Legal intern, Insurance and Pension Funds Division **Why the FMA?** The internship at the FMA offers an interesting insight into the financial centre with exciting responsibilities. **What do you**

**appreciate most about your internship?** My internship helps me to develop on a professional and personal level, with exciting tasks in a great team. **Career plans** Master of Law, University of Zurich.

## The FMA also offers apprentices a start to their careers:

### SOPHIA JOYA ZIMMERMANN

---

**Age** 17 **Place of residence** Eschen **Hobby** Reading; skiing; horseback riding **Education** Commercial education **Work at the FMA** Intern, HR/Finance and Services **Why the FMA?** Apprentices with the National Administration switch offices every six months (or every year). This is how I came to the FMA in my third semester. **What do you appreciate most about your training at the FMA?** The FMA is a good place to get in-depth insights into accounting. **Career plans** To pursue a commercial profession. Since I like it at the National Administration, I of course hope I can work here later on.

**ORGANISATIONAL CHART OF THE FMA AS OF 31 DECEMBER 2022**
**BOARD OF DIRECTORS**

Christian Batliner, Chairman  
 Michèle Borgeaud, Vice Chairman  
 Yvonne Lang Ketterer  
 Juerg Meier  
 Volkmar Ritter

**EXECUTIVE BOARD**

Mario Gassner, CEO  
 Alexander Imhof, Deputy CEO  
 Reto Degen  
 Markus Meier  
 Werner Meyer  
 Martin Schaedler



Figure 14  
 Organisational chart

\* Deputy Head of Division or Unit

## GOVERNING BODIES OF THE FMA AS OF 31 DECEMBER 2022

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

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

### Board of Directors

#### Chairman

Christian Batliner, Triesen,  
elected 2020 – 2024 (Chairman 2022 – 2024)

#### Vice Chairman

Michèle Borgeaud, Altendorf (Switzerland),  
elected 2017 – 2021 and 2022 – 2026

#### Members

Juerg Meier, Eschen,  
elected 2016 – 2020 and 2021 – 2025  
Volkmar Ritter, Vaduz,  
elected April 2022 – April 2027  
Yvonne Lang Ketterer, Waedenswil (Switzerland),  
elected July 2021 – June 2026

### Executive Board

#### Chief Executive Officer

Mario Gassner, Triesenberg

#### Deputy of the CEO and Head of Insurance and Pension Funds Division

Alexander Imhof, Vaduz

#### Head of Banking Division

Markus Meier, Buchs (Switzerland)

#### Head of Asset Management and Markets Division

Reto Degen, Rehtobel (Switzerland)

#### Head of Anti-Money Laundering and DNFBP Division

Werner Meyer, Wettswil (Switzerland)

#### Head of Operations Division

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 15  
Governing bodies

# ANNUAL REPORT AND FINANCIAL STATEMENT

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.

## ANNUAL REPORT

---

In its meeting of 16 November 2021, the Government approved the detailed 2022 FMA budget with a State contribution of CHF 5,000,000 and expenses of CHF 25,550,000. The actual expenses for the 2022 fiscal year were CHF 25,497,987, CHF 52,013 (0.2%) below the approved budget.

Income without the State contribution amounted to CHF 21,050,403, CHF 1,660,403 (8.6%) above budget.

Pursuant to Article 30b of the FMA Act, 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. Under this legal requirement, the reserves for the year 2022 may not exceed CHF 6,171,954. Because the reserves already amounted to CHF 7,225,818 as of 1 January 2022, CHF 1,053,863 in reserves were released effective 31 December 2022. The State contribution was adjusted accordingly. Instead of the budgeted CHF 5,000,000, the State contribution for 2022 was CHF 3,393,721. Total income including the State contribution was thus CHF 24,444,124. Deducting the total expenses of CHF 25,497,987, the accounts closed with a loss for the year of CHF 1,053,863.

Personnel expenses in the 2022 fiscal year amounted to CHF 18,111,588, CHF 123,412 (0.7%) lower than budgeted.

At CHF 5,470,344, other operating expenses were CHF 20,344 (0.4%) higher than budgeted. The main items exceeding the budget were costs for basic and continuing training as well as other expenses, which in the case of the latter item is due to the increase in the allowance for bad debts. On the other hand, IT costs were below budget due to lower licence costs.

At CHF 1,909,673, depreciation expenses were CHF 74,673 (4.1%) above budget. The increased depreciation expenses were largely caused by additional investments and cost increases relating to implementation of the E-Government Act (E-GovG).

After offsetting the loss of the 2022 fiscal year in the amount of CHF 1,053,863 with the reserves, the total reserves amounted to CHF 6,171,954 as of 31 December 2022.

## Outlook

---

The current statutory funding arrangement with a maximum State contribution of CHF 5,000,000 and a maximum reserve level of 25% of the average ordinary expenses over the past three years according to the annual financial statements is still valid through the 2023 fiscal year. For FMA funding starting in 2024, an amendment to the FMA Act is necessary. Parliament will consider this issue in 2023. For the 2023 fiscal year, the Government has approved a budget with total expenses of CHF 27,150,000. Key items include further implementation of the IT strategy and digitalisation of the FMA.

**BALANCE SHEET AS OF 31 DECEMBER (IN CHF)**

<b>Assets</b>		<b>2022</b>	<b>2021</b>
<b>Fixed assets</b>			
Intangible assets	– Software	2,012,374.44	1,516,798.44
Tangible assets	– Operating equipment	22,088.65	2.00
	– IT equipment	81,663.55	133,028.38
	– Furnishings	27,094.15	40,394.80
<b>Current assets</b>			
Receivables	– Receivables from services	502,727.08	225,753.61
	– Other receivables	563.40	0.00
Bank deposits and cash	– Bank deposits	10,934,891.74	10,574,313.56
	– Cash	197.00	229.30
<b>Accrued items</b>		173,065.35	379,110.27
<b>Total assets</b>		<b>13,754,665.36</b>	<b>12,869,630.36</b>

<b>Liabilities</b>		<b>2022</b>	<b>2021</b>
<b>Equity capital</b>			
	– Endowment	2,000,000.00	2,000,000.00
	– Reserves	7,225,817.73	9,485,163.84
	– Annual loss	–1,053,863.38	–2,259,346.11
		8,171,954.35	9,225,817.73
<b>Provisions</b>			
	– Other provisions	505,255.89	523,804.42
<b>Accounts payable</b>			
	– Accounts payable from deliveries and services	794,882.77	700,399.77
	– Accounts payable to the Principality of Liechtenstein	2,611,006.97	1,431,455.22
	– Other accounts payable	1,606,930.95	945,587.28
<b>Deferred items</b>		64,634.43	42,565.94
<b>Total liabilities</b>		<b>13,754,665.36</b>	<b>12,869,630.36</b>

**INCOME STATEMENT FROM 1 JANUARY – 31 DECEMBER (IN CHF)**

	2022	Budget 2022	Budget dev.	2021
<b>Fees and taxes</b>				
Licensing fees	1,087,354.38	1,100,000.00	-12,645.62	1,011,730.64
Supervisory taxes	18,930,358.64	17,500,000.00	1,430,358.64	18,140,970.40
Audit fees	48,943.60	35,000.00	13,943.60	49,670.35
Other fees	965,079.04	735,000.00	230,079.04	707,648.01
<b>Other operating income</b>	18,667.01	20,000.00	-1,332.99	164,665.98
<b>State contribution</b>	3,393,720.88	5,000,000.00	-1,606,279.12	2,212,343.61
	<b>24,444,123.55</b>	<b>24,390,000.00</b>	<b>54,123.55</b>	<b>22,287,028.99</b>
<b>Personnel expenses</b>				
Wages and salaries	-14,938,315.41	-15,015,000.00	76,684.59	-14,745,377.64
Social security contributions and expenses for retirement provision and related benefits	-2,709,058.76	-2,750,000.00	40,941.24	-2,669,382.88
<i>of which for retirement provision</i>	-2,338,194.95			-2,295,695.65
Board of Directors	-464,214.30	-470,000.00	5,785.70	-595,119.78
<b>Depreciation and value adjustments</b>				
Depreciation on software	-1,751,480.97	-1,650,000.00	-101,480.97	-1,357,829.30
Depreciation on IT equipment	-137,465.35	-140,000.00	2,534.65	-115,130.96
Depreciation on furnishings	-18,273.00	-35,000.00	16,727.00	-32,845.20
Depreciation on operating equipment	-2,454.10	-10,000.00	7,545.90	0.00
<b>Other operating expenses</b>				
Other personnel expenses	-232,998.95	-230,000.00	-2,998.95	-157,943.87
Basic and continuing training	-342,510.16	-300,000.00	-42,510.16	-328,973.62
Office expenses	-216,579.04	-230,000.00	13,420.96	-209,259.11
Travel expenses	-213,242.43	-200,000.00	-13,242.43	-26,912.00
Expert fees/opinions	-554,586.32	-540,000.00	-14,586.32	-429,208.85
Audit firms	-299,836.80	0.00	-299,836.80	0.00
Reimbursements for audit firms	299,836.80	0.00	299,836.80	0.00
Premises	-1,975,141.28	-1,970,000.00	-5,141.28	-1,951,788.29
Insurances	-92,711.40	-80,000.00	-12,711.40	-78,620.50
IT costs	-1,112,858.99	-1,180,000.00	67,141.01	-1,156,616.98
Public outreach	-141,164.76	-145,000.00	3,835.24	-156,337.54
Events and representation	-22,350.78	-20,000.00	-2,350.78	-13,009.10
Membership fees for associations/institutions	-337,952.30	-350,000.00	12,047.70	-342,532.58
Audit expenses	-48,943.60	-35,000.00	-13,943.60	-49,670.35
Other expenses	-143,718.65	-90,000.00	-53,718.65	-58,814.93
Losses on accounts receivable	-35,585.07	-80,000.00	44,414.93	-41,259.39
<b>Other interest and similar expenses</b>	<b>-6,381.31</b>	<b>-30,000.00</b>	<b>23,618.69</b>	<b>-29,742.23</b>
<b>Annual loss</b>	<b>-1,053,863.38</b>	<b>-1,160,000.00</b>	<b>106,136.62</b>	<b>-2,259,346.11</b>
<b>Summary of income statement</b>				
Operating income	21,050,402.67	19,390,000.00	1,660,402.67	20,074,685.38
State contribution	3,393,720.88	5,000,000.00	-1,606,279.12	2,212,343.61
<b>Total income</b>	<b>24,444,123.55</b>	<b>24,390,000.00</b>	<b>54,123.55</b>	<b>22,287,028.99</b>
Personnel expenses	-18,111,588.47	-18,235,000.00	123,411.53	-18,009,880.30
Depreciation and value adjustments	-1,909,673.42	-1,835,000.00	-74,673.42	-1,505,805.46
Other operating expenses	-5,470,343.73	-5,450,000.00	-20,343.73	-5,000,947.11
Other interest and similar expenses	-6,381.31	-30,000.00	23,618.69	-29,742.23
<b>Total expenses</b>	<b>-25,497,986.93</b>	<b>-25,550,000.00</b>	<b>52,013.07</b>	<b>-24,546,375.10</b>
<b>Annual loss</b>	<b>-1,053,863.38</b>	<b>-1,160,000.00</b>	<b>106,136.62</b>	<b>-2,259,346.11</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. 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 years
IT equipment	3 years
Furnishings	5 years
Operational equipment	10 years

**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 judgement. 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
<b>Acquisition costs</b>	Balance 01.01.2022	6,512,338.41	690,213.48	986,166.00	1,731,428.55	<b>9,920,146.44</b>
	Acquisitions	2,247,065.97	87,752.25	4,975.35	24,540.75	<b>2,364,334.32</b>
	Divestitures	250,511.88	76,110.29	1,114.50	0.00	<b>327,736.67</b>
	Balance 31.12.2022	8,508,892.50	701,855.44	990,026.85	1,755,969.30	<b>11,956,744.09</b>
<b>Depreciation</b>	Balance 01.01.2022	4,995,539.97	557,185.10	945,771.20	1,731,426.55	<b>8,229,922.82</b>
	Acquisitions	1,751,480.97	137,465.35	18,273.00	2,454.10	<b>1,909,673.42</b>
	Divestitures	250,502.88	74,458.56	1,111.50	0.00	<b>326,072.94</b>
	Balance 31.12.2022	6,496,518.06	620,191.89	962,932.70	1,733,880.65	<b>9,813,523.30</b>
<b>Book value</b>	Balance 01.01.2022	1,516,798.44	133,028.38	40,394.80	2.00	<b>1,690,223.62</b>
	Balance 31.12.2022	2,012,374.44	81,663.55	27,094.15	22,088.65	<b>2,143,220.79</b>

**Table 2**  
Fixed asset schedule

## Provisions

All provisions are reassessed each year, justified, and adjusted where necessary. The provisions include outstanding holiday entitlements as of 31 December 2022 in the amount of CHF 505,256.

## Accounts payable

All accounts payable of 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 2022 fiscal year, including social security contributions, was CHF 464,214 (previous year: CHF 595,120). Of this amount, social security taxes and expenses for retirement provision and related benefits amounted to CHF 51,715 (of which CHF 48,190 for retirement provision). The Board of Directors was composed as follows in 2022:

Board of Directors	Government decision	Term of office
Christian Batliner (Chairman)	– BNR 2019/1388 of 22.10.2019 – BNR 2021/1846 of 07.12.2021	01.01.2020 – 31.12.2024 01.01.2022 – 31.12.2024
Michèle Borgeaud (Vice Chairman)	– BNR 2016/1674 of 16.11.2016 – BNR 2021/1846 of 07.12.2021	01.01.2017 – 31.12.2021 01.01.2022 – 31.12.2026
Juerg Meier	– BNR 2015/1727 of 16.12.2015 – BNR 2020/1403 of 29.09.2020	01.01.2016 – 31.12.2020 01.01.2021 – 31.12.2025
Yvonne Lang Ketterer	– BNR 2021/937 of 15.06.2021	01.07.2021 – 30.06.2026
Volkmar Ritter	– BNR 2022/497 of 29.03.2022	01.04.2022 – 31.03.2027

**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 (BNR 2017/101) and of 14 December 2021 (BNR 2021/1897). The Government specified the following remuneration:

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

### b) Executive Board

The gross remuneration of the Members of the Executive Board in the 2022 fiscal year was CHF 1,994,600 (previous year: CHF 1,963,838) 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 2022:

- Mario Gassner, Chief Executive Officer
- Alexander Imhof, Deputy of the CEO and Head of Insurance and Pension Funds Division
- Reto Degen, Head of Asset Management and Markets Division
- Markus Meier, Head of Banking Division

- Werner Meyer, Head of Anti-Money Laundering and DNFBP Division
- Martin Schaedler, Head of Operations Division

### Workforce

In 2022, the average workforce at the FMA was 119 (previous year: 116). As of the end of December 2022, the FMA employed 120 people (120). Five were employed on a temporary basis. The share of women was 45% (44%). 36 employees worked part-time (33). Eight employees left the FMA during the reporting year (7), and six new employees joined the FMA (10).

In total, 106.2 full-time equivalent positions (previous year: 107.5) were filled at the end of 2022. The staffing plan approved by the Board of Directors provided for 108 full-time equivalent positions (108) as of the end of 2022.

### Audit firms/ Reimbursements for audit firms

The audit firms item in the amount of CHF 299,837 includes expenses in connection with due diligence audits of financial intermediaries, observer costs, and costs for extraordinary audits carried out by external audit firms. In return, these costs were invoiced to the

financial intermediaries under the reimbursements for audit firm item in the amount of CHF 299,837.

#### **Events after the balance sheet date**

---

In March 2023, the FMA was served with a lawsuit before the Court of Appeal under the Official Liability Act. From today's perspective, this lawsuit has no impact on the 2022 financial statement.

## ATTESTATION OF THE AUDIT OFFICE



FINANZKONTROLLE  
FÜRSTENTUM LIECHTENSTEIN

Testat der Finanzkontrolle an die Regierung des Fürstentums Liechtenstein betreffend Prüfung der Jahresrechnung der

### **Finanzmarktaufsicht (FMA) Liechtenstein**

#### **Bericht der Finanzkontrolle zur Jahresrechnung**

Wir haben die Buchführung sowie die Jahresrechnung (bestehend aus Bilanz, Erfolgsrechnung und Anhang) der Finanzmarktaufsicht (FMA) Liechtenstein für das am 31. Dezember 2022 abgeschlossene Geschäftsjahr geprüft.

Nach unserer Beurteilung vermittelt die Jahresrechnung (Seiten 86 bis 93) ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens- und Finanzlage der Finanzmarktaufsicht (FMA) Liechtenstein zum 31. Dezember 2022 sowie deren Aufwands- und Ertragslage für das dann endende Jahr in Übereinstimmung mit dem liechtensteinischen Gesetz.

#### **Grundlage für das Prüfungsurteil**

Basierend auf dem Finanzkontrollgesetz haben wir unsere Prüfung gemäss liechtensteinischem Gesetz und nach den Grundsätzen des Berufsstandes durchgeführt.

In Übereinstimmung mit den Anforderungen des Berufsstandes sind wir von der Finanzmarktaufsicht (FMA) Liechtenstein unabhängig.

Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als eine Grundlage für unser Prüfungsurteil zu dienen.

#### **Verantwortlichkeiten des Aufsichtsrates der Finanzmarktaufsicht (FMA) Liechtenstein**

Der Aufsichtsrat ist verantwortlich für die Aufstellung einer Jahresrechnung in Übereinstimmung mit den allgemeinen und spezialgesetzlichen Vorschriften, welche ein den tatsächlichen Verhältnissen entsprechendes Bild vermittelt, für die Einhaltung der Vorgaben des Eigners und für die internen Kontrollen, die der Aufsichtsrat als notwendig erachtet, um die Aufstellung einer Jahresrechnung zu ermöglichen, die frei von – beabsichtigten oder unbeabsichtigten – wesentlichen falschen Darstellungen ist.

Bei der Aufstellung der Jahresrechnung ist der Aufsichtsrat dafür verantwortlich, die Fähigkeit der Finanzmarktaufsicht (FMA) Liechtenstein zur Fortführung der Geschäftstätigkeit zu beurteilen und Sachverhalte in diesem Zusammenhang transparent darzulegen.

Weiter ist der Aufsichtsrat für die im Geschäftsbericht enthaltenen zusätzlichen Informationen verantwortlich.

#### **Verantwortlichkeiten der Finanzkontrolle für die Prüfung der Jahresrechnung**

Unsere Ziele sind, hinreichende Sicherheit darüber zu erlangen, ob die Jahresrechnung als Ganzes frei von – beabsichtigten oder unbeabsichtigten – wesentlichen falschen Darstellungen ist und einen Bericht abzugeben, der unser Prüfungsurteil beinhaltet. Hinreichende Sicherheit ist ein hohes Mass an Sicherheit, aber keine Garantie dafür, dass – basierend auf dem Finanzkontrollgesetz und in Übereinstimmung mit dem liechtensteinischen Gesetz sowie den Grundsätzen des Berufsstandes – die durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Beabsichtigte oder unbeabsichtigte falsche Darstellungen werden als wesentlich angesehen, wenn von ihnen

2/2

einzel oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieser Jahresrechnung getroffenen wirtschaftlichen Entscheidungen beeinflussen.

Wir identifizieren und beurteilen die wesentlichen Risiken – beabsichtigter oder unbeabsichtigter – falscher Darstellungen in der Jahresrechnung, planen und führen Prüfungshandlungen als Reaktion auf diese Risiken durch sowie erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Dabei üben wir – basierend auf dem Finanzkontrollgesetz und in Übereinstimmung mit dem liechtensteinischen Gesetz sowie den Grundsätzen des Berufsstandes – während der gesamten Prüfung pflichtgemässes Ermessen aus und bewahren eine kritische Grundhaltung.

Wir erlangen ein Verständnis von dem für die Abschlussprüfung relevanten Internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind.

Wir beurteilen die Angemessenheit der angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängenden Angaben. Weiter beurteilen wir die Darstellung, den Aufbau und den Inhalt der Jahresrechnung einschliesslich der Angaben im Anhang sowie, ob die Jahresrechnung die zugrunde liegenden Geschäftsvorfälle und Ereignisse in einer Weise wiedergibt, sodass eine sachgerechte Darstellung erreicht wird.

Unser Prüfungsurteil zur Jahresrechnung erstreckt sich nicht auf die zusätzlichen Informationen im Geschäftsbericht, und wir bringen keinerlei Prüfungsschlussfolgerung hierzu zum Ausdruck.

Wir kommunizieren mit dem Prüfungsausschuss des Aufsichtsrats unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Prüfung sowie über bedeutsame Prüfungsfeststellungen, einschliesslich etwaiger bedeutsamer Mängel im Internen Kontrollsystem, die wir während unserer Prüfung identifizieren.

#### Weitere Bestätigungen

Der beigelegte Jahresbericht ist nach den geltenden rechtlichen Anforderungen aufgestellt worden, steht im Einklang mit der Jahresrechnung und enthält gemäss unserer Beurteilung – auf Basis der durch die Prüfung der Jahresrechnung gewonnenen Erkenntnisse, des gewonnenen Verständnisses über die Finanzmarktaufsicht (FMA) Liechtenstein und deren Umfeld – keine wesentlichen fehlerhaften Angaben.

Ferner bestätigen wir, dass die Jahresrechnung dem liechtensteinischen Gesetz, dem Gesetz über die Finanzmarktaufsicht (FMAG) und den Statuten entspricht und empfehlen, die vorliegende Jahresrechnung zu genehmigen.

#### FINANZKONTROLLE des Fürstentums Liechtenstein



Cornelia Lang  
Leiterin



Fredy Baschleben  
Mandatsleiter

Vaduz, 24. März 2023



# LIFE-GIVING ELEMENT

Water ecosystems are the basis of life for humans, animals, and plants. For Liechtenstein as well, watercourses are important habitats that need to be protected.

Depending on the perspective, location, and reflection, the expression of our bodies of water changes. The photographer has captured this diversity for us in an impressive way. We would like to thank the photographer Julian Konrad from Schaan for his artistic support of our image design.

**Inland Canal by the Auweg** Vaduz

---

***Publisher and Editor***

Financial Market Authority  
Liechtenstein  
Landstrasse 109  
PO Box 279  
9490 Vaduz  
Liechtenstein

Telephone +423 236 73 73

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

***Concept and Design***

[Leone Ming Est.](#)

***Photography***

Roland Korner, Close up (Foreword portrait)  
Julian Konrad, Julian Konrad Media Est. (Bodies of water)  
zVg

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

