

Translation of Liechtenstein Law

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Act
of 9 December 1992
on Auditors and Auditing Companies
(WPRG)¹

I hereby give my consent to the following ruling adopted by the Liechtenstein Parliament:

I. General Provisions²

Art. 1³

Subject and purpose

1) This Act regulates the authorisation and activity of auditors and auditing companies.

2) It serves in particular to implement Directive 2006/43/EC of the European Parliament and the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (EEA legal collection: Annex XXII – 10f.01).

¹ Title amended by LGBL 2007 No. 158.

² Heading before Art. 1 amended by LGBL 2011 No. 6.

³ Art. 1 amended by LGBL 2011 No. 6.

Art. 1a⁴

Designations

The designations used in this Act to refer to persons, professions and roles apply to persons of the male and female gender.

Ia. Licensing requirement⁵

A. Auditor⁶

Art. 1b⁷

Requirements

1) A licence is required from the Financial Market Authority (FMA) to exercise the profession of auditor.

2) The licence will be issued if the applicant:

- a) is capable of acting;
- b) is trustworthy;
- c) holds Liechtenstein citizenship, citizenship rights of a contracting state to the Agreement on the European Economic Area (EEA contracting state) or Switzerland, or an equivalent status due to an interstate treaty;
- d) provides evidence of the formal qualifications prescribed by law;
- e) can show evidence of practical work of the statutory type and duration;
- f) passed the licensing examination for auditors; and
- g) has their professional residence in Liechtenstein.

3) The licence is strictly personal and non-transferable.

⁴ Art. 1a inserted by LGBL 2011 No. 6.

⁵ Heading before Art. 1b inserted by LGBL 2011 No. 6.

⁶ Heading before Art. 1b inserted by LGBL 2011 No. 6.

⁷ Art. 1b inserted by LGBL 2011 No. 6.

Art. 2

*Evidence of formal qualifications*⁸

1) Degrees for auditors which are granted on the basis of Directive 2006/43/EC of the EEA contracting states are deemed to be evidence of formal qualifications as laid down in Art. 1b (2)(d).⁹

2) The degree of federally certified auditor is equivalent to the degrees mentioned in Para. 1.¹⁰

Art. 3

Practical work

1) The practical work required to exercise the profession of auditor must take place at an auditor's office or at an auditing company which covers one of the main occupations in this profession. It may also take place in a company with an equivalent auditing department.

2) The practical work as defined in Para. 1 must last three years, at least two thirds of which must be completed at an auditor's office or at an auditing company appropriately certified under Directive 2006/43/EC or at one of the auditing experts certified by the federal auditing supervisory authorities.¹¹

Art. 4

*Requirements for the authorisation examination*¹²

1) An applicant shall be admitted to the examination by the FMA if he/she fulfils the requirements laid down in Art. 1b (2) (a) to (c) as well as (d) and (e).¹³

2) Examinations usually take place once a year.

3) If an applicant does not pass the examination, he/she may repeat it after a period of one year at the earliest. If he/she also does not pass the second examination, he/she may repeat it for the second and final time three years after the first examination at the earliest.

⁸ Art. 2 subject heading amended by Art. 56.

⁹ Art. 2 (1) amended by LGBL 2011 No. 6.

¹⁰ Art. 2 (2) amended by LGBL 2007 No. 158.

¹¹ Art. 3 (2) amended by LGBL 2011 No. 6.

¹² Art. 4 subject heading amended by LGBL 2011 No. 6.

¹³ Art. 4 (1) amended by LGBL 2011 No. 6.

Art. 5

Scope of the authorisation examination

- 1) The authorisation examination consists of a written and an oral examination. The written examination includes a paper from the field of auditing and company law, and one from the fields of fiscal and tax law or company law and property law. The oral examination includes the professional regulations of the auditor and the specialist area which is not part of the written examination.
- 2) An applicant must first sit the written examination under the supervision of a member of the Examination Commission.
- 3) The oral examination takes place at the earliest one month and at the latest two months after sitting the final written examination. It must be sat in front of the Examination Commission.
- 4) The government draws up examination regulations at the suggestion of the Examination Commission by means of decree.

Art. 6

Examination Commission

- 1) The authorisation examination must be sat in front of the Examination Commission for Auditors.¹⁴
- 2) The Examination Commission for Auditors is to be appointed by the government on a four-yearly basis. It consists of three members and the same number of replacement members. It must include a judge of the Court of Justice and two auditors. The government appoints the chairperson.
- 3) The members of the Examination Commission may exercise their office independently.
- 4) The Examination Commission determines the place and time of the examination.
- 5) If an applicant passes the authorisation examination, the Examination Commission issues a letter of confirmation.¹⁵
- 6) Decisions or decrees of the Examination Commission can be appealed via a complaint to the government on the grounds of legal and

¹⁴ Art. 6 (1) amended by LGBl. 2011 No. 6.

¹⁵ Art. 6 (5) amended by LGBl. 2011 No. 6.

procedural violations within 14 days of service. The same applies in the event of an appeal to the Administrative Court.¹⁶

B. Auditing Companies¹⁷

Art. 6a¹⁸

Requirements

1) A licence from the FMA is required to exercise the activity of an auditing company.

2) The licence will be granted to legal entities with registered office in Liechtenstein if:

- a) the capital majority in these legal entities, which simultaneously includes the majority of the voting rights, is owned legally and economically by auditors and auditing companies that hold a licence from the FMA as laid down in this Act;
- b) the members of the administrative body of the legal entity are predominantly auditors who meet the requirements as laid down in Art. 1b (2) (a) to (g), or are auditing companies licensed by the FMA; and
- c) an auditor who fulfils the requirements in accordance with Art. 1b (2) (a) to (g) which leads to the activities listed in Art. 7 and is designated the responsible general manager.

3) The FMA may verify at any time through measures that it deems appropriate whether the requirements laid down in Para. 1 are being fulfilled.

4) Art. 1b (3) shall apply accordingly.

¹⁶ Art. 6 (6) amended by LGBl. 2004 No. 33.

¹⁷ Heading before Art. 6a inserted by LGBl. 2011 No. 6.

¹⁸ Art. 6a inserted by LGBl. 2011 No. 6.

C. Registration¹⁹

Art. 6b²⁰

Auditor register

1) The FMA maintains an electronic register of licensed auditors and auditing companies. The entry is made after the licence becomes legally effective in accordance with Art. 1b and 6a.

2) The register also includes auditors and auditing companies from states outside the European Economic Area (third countries) that report on the results of the audit of the annual accounts of a company registered in a third country whose assigned securities are authorised for trade on a regulated market in Liechtenstein as laid down in Art. 196 PGR.

Art. 6c²¹

Public nature of the register

1) The data entered in the register is public.

2) The FMA makes the data available for free enquiry on the Internet.

3) It issues register extracts and certificates against payment of a fee. Register extracts and certificates for official use must be made available free of charge.

Art. 6d²²

Content of the register

1) The entry of natural persons contains the following information:

- a) register number;
- b) family name and first name;
- c) address;
- d) where applicable, name, address, Internet address and register number of the auditing companies at which the auditor is employed or to

¹⁹ Heading before Art. 6b inserted by LGBL 2011 No. 6.

²⁰ Art. 6b inserted by LGBL 2011 No. 6.

²¹ Art. 6c inserted by LGBL 2011 No. 6.

²² Art. 6d inserted by LGBL 2011 No. 6.

- which he/she belongs as partner or to which he/she is affiliated in a similar manner;
- e) where applicable, special authorisations in the Liechtenstein auditing field, including the name and the address of the regulatory authorities;
 - f) where applicable, other registrations with foreign supervisory authorities in the auditing field, including the names and addresses of the regulatory authorities and the register numbers;
 - g) the date of the first register entry.

2) The entry of auditing companies contains the following information:

- a) register number;
- b) company or name and legal form pursuant to the entry in the Commercial Register, as well as the Commercial Register number;²³
- c) address, contact options, main contact partner and, where applicable, Internet address;
- d) address of every branch in Liechtenstein;
- e) names and register numbers of all certified auditors who are employed in the auditing company or belong to it as a partner or are affiliated with it in a similar form;
- f) names and business addresses of all owners and shareholders;
- g) names and business addresses of all members of the administrative or management body;
- h) where applicable, information on membership of a network as well as a list with names and addresses of member organisations and their associated companies or information where this information is publicly available.
- i) where applicable, special authorisations in the Liechtenstein auditing field, including the name and the address of the regulatory authorities;
- k) where applicable, other registrations with foreign supervisory authorities in licensing, including the names and addresses of the regulatory authorities and the register numbers;
- l) the date of the first register entry.

²³ Art. 6d (2) (b) amended by LGBl. 2013 No. 6.

3) Registered auditors and auditing companies that do not come from an EEA contracting state or from Switzerland are listed separately in the register as such.

4) The register also contains the names and addresses of the offices which are responsible for the authorisation, the public oversight and the issuance of sanctions against auditors and auditing companies.

Art. 6e²⁴

Updating and deleting the entry

1) Auditors and auditing companies undertake to notify the FMA immediately and in a legally binding manner of every change made to the register on information maintained about them. The register is officially updated after such a notification.

2) The register entry is deleted by the FMA if:

- a) the person has died;
- b) the auditing company has been dissolved or deleted from the Commercial Register;²⁵
- c) a person or an auditing company has its authorisation temporarily or permanently removed;
- d) the person or the auditing company requests this.

Art. 6f²⁶

Storage of files

Files managed electronically or in paper form must be stored for ten years after deletion of an entry as laid down in Art. 6e.

²⁴ Art. 6e inserted by LGBL 2011 No. 6.

²⁵ Art. 6e (2) (b) amended by LGBL 2013 No. 6.

²⁶ Art. 6f inserted by LGBL 2011 No. 6.

II. Rights and Obligations

Art. 7

Activities

1) The issued licence entitles the holder to conduct the following activities in a businesslike manner:²⁷

- a) audits and annual audits;
- b) provision of advisory services in the areas of finance and accounting, taxes, financing, organisation and IT.²⁸

2) The activity is always deemed businesslike if it takes place independently and for money, or if an intention for the pursuit of profit arises from the frequency of the activity or for other reasons.

Art. 8²⁹

Professional title and company

1) The holder of a licence as laid down in Art.1b must bear the professional title of “auditor”.

2) Auditing companies must select a company which corresponds to the intended activity. The company requires approval from the FMA.

Art. 9³⁰

Professional honour

Auditors and auditing companies must carry out their activities so that the confidence placed in them is justified. They must manage the contracts entrusted to them with the requisite care within the scope of the applicable legal system to the best of their knowledge and belief. They must refrain from any activity which is incompatible with the reputation of the profession.

²⁷ Art. 7 (1) introductory sentence amended by LGBL 2011 No. 6.

²⁸ Art. 7 (1) (b) inserted by LGBL 2011 No. 6.

²⁹ Art. 8 amended by LGBL 2011 No. 6.

³⁰ Art. 9 amended by LGBL 2011 No. 6.

*Independence*³¹Art. 9a³²*a) Principle*

Auditors and auditing companies must carry out their activities independently of clients and third parties.

Art. 9b³³*b) Carrying out annual audits*

1) Auditors and auditing companies may not carry out an annual audit when there is a direct or indirect financial or business relationship between them or their network and the audited company, when there is an employment relationship or when there is another type of connection from which an objective, reasonable and informed third party would conclude that their independence is at risk. This can also include additional services which are not auditing services.

2) A network as laid down in Para. 1 is deemed to exist if persons collaborate in exercising their profession to pursue mutual business interests for a certain period of time.

3) When carrying out annual audits, auditors and auditing companies must document in their work documents all significant risks to their independence and the protective measures taken to minimise these risks.

4) Neither the shareholders nor the owners of an auditing company nor the members of the administrative, management and supervisory bodies of this company or an affiliated company may intervene in an annual audit in any manner which jeopardises the independence and objectivity of the auditor that is carrying out the annual audit for the auditing company.

5) The fees for annual audits must be set so that they are not influenced or determined by the provision of additional services for the audited company. They may not be subject to conditions of any kind.

³¹ Heading before Art. 9a inserted by LGBL 2011 No. 6.

³² Art. 9a inserted by LGBL 2011 No. 6.

³³ Art. 9b inserted by LGBL 2011 No. 6.

6) The Association of Auditors issues for all auditors and auditing companies binding rules on independence while carrying out annual audits.

Art. 9c³⁴

c) Public interest entities

1) An auditor is excluded from the annual audit of a company whose securities are authorised for trade on a regulated market in an EEA contracting state as laid down in Art. 4 (1) clause 21 of Directive 2014/65/EU of the European Parliament and the Council of 15 May 2014 on markets for financing instruments (ABl. L 173 of 12/6/2014, p. 349) if he/she has signed a report as the responsible lead auditor as laid down in Art. 196 PGR in seven or more cases. This does not apply after the auditing activity is interrupted for a period of at least two successive years.³⁵

2) A responsible lead auditor is an auditor who:

- a) signs the report as laid down in Art. 196 PGR;
- b) has been designated by an auditing company to be primarily responsible for carrying out an audit of the annual accounts or the consolidated financial accounts;
- c) has been determined by an auditing company to be primarily responsible for carrying out a consolidated financial statement audit at the level of major subsidiaries.

3) Responsible lead auditors who have carried out an annual audit in a company in accordance with Para. 1 may not execute any important management positions there within a period of two years after the end of the auditing activity.

4) Auditors and auditing companies that carry out annual audits in companies in accordance with Para. 1 must:

- a) declare their independence in a separate section of the audit report;
- b) report to the audit committee annually on risks to their independence as well as on the protective measures documented by them in accordance with Art. 9b (3); and
- c) inform the audit committee about services that they have provided in addition to the annual audit services.

³⁴ Art. 9c inserted by LGBL 2011 No. 6.

³⁵ Art. 9c (1) amended by LGBL 2017 No. 404.

Art. 9d³⁶*Further training*

Auditors must undergo further training in suitable programmes to maintain their theoretical knowledge and their professional skills and measures of value at an appropriately high level.

Art. 10

Confidentiality

1) Within the scope of his/her professional capacity, the auditor undertakes to treat in confidence all matters entrusted to him/her and any other facts which otherwise become known to him/her whose secrecy is in the best interests of his/her client. He/she has the right to this confidentiality in legal and other official proceedings in accordance with the procedural legislation.

2) The right of the auditors to confidentiality may not be circumvented by judicial or any other official means, in particular through the interrogation of agents of the auditor or through the instruction to release or seize documents, images, audio or data carriers (documents); particular regulations on the limitation of this ban remain unchanged.³⁷

3) If an auditor or an auditing company is replaced by another auditor or auditing company during an annual audit, the previous auditing body guarantees the new auditing body access to all relevant information on the audited company.³⁸

Art. 10a³⁹*Implementation of audits*

1) During the implementation of an annual audit, auditors and auditing companies must apply international auditing standards which are accepted by the European Commission in the procedure as laid down in Art. 26 (1) of the Directive 2006/43/EC.

2) In the case of an annual audit of the consolidated financial accounts of a group, said auditor of the consolidated financial accounts

³⁶ Art. 9d inserted by LGBL 2011 No. 6.

³⁷ Art. 10 (2) amended by LGBL 2008 No. 331.

³⁸ Art. 10 (3) inserted by LGBL 2011 No. 6.

³⁹ Art. 10a inserted by LGBL 2011 No. 6.

takes full responsibility for the resulting report as laid down in Art. 196 PGR. If the annual accounts contained in the consolidated financial accounts are checked by another auditor, the auditor of the consolidated financial accounts must check this auditor's work in an appropriate manner and document this in a manner that can be verified.

3) If an annual audit is carried out by an auditing company, the report must at least be signed by the auditor(s) that carried out the annual audit for the auditing company as laid down in Art. 196 PGR.

Art. 10b⁴⁰

Quality assurance

Auditors and auditing companies shall take all necessary measures to guarantee quality while carrying out annual audits.

Art. 11

Liability insurance

1) Auditors and auditing companies undertake to provide evidence to the FMA before taking up their activity that they hold liability insurance to cover any damage claims against them which arise from their activity. They must maintain the insurance for the duration of their activity and provide evidence of said insurance to the FMA upon request.⁴¹

2) If auditors or auditing companies do not meet their obligation in accordance with Para. 1 despite being requested to do so, the FMA must forbid them from carrying out their activity until they provide evidence showing that they have fulfilled this obligation.⁴²

3) The minimum insurance sum must be one million francs.

4) The "special conditions" of the insurance contract must contain the following text: "The policyholder instructs the insurer that they must notify the Financial Market Authority of the Principality of Liechtenstein of the suspension or cessation of insurance cover."⁴³

⁴⁰ Art. 10b inserted by LGBL 2011 No. 6.

⁴¹ Art. 11 (1) amended by LGBL 2011 No. 6.

⁴² Art. 11 (2) amended by LGBL 2011 No. 6.

⁴³ Art. 11 (4) inserted by LGBL 2011 No. 6.

Art. 12⁴⁴*Advertising*

1) Auditors and auditing companies may provide information on their services and their person, provided that the information is factually correct, is directly related to the profession and is justified by being of interest to the public. They may not advertise their services nor their person.

2) Auditors and auditing companies may not arrange for or condone advertising by third parties on their behalf in a manner that they themselves are forbidden to pursue.

Art. 12a⁴⁵*Transparency report*

1) Auditors and auditing companies that carry out at least one annual audit of a company per year as laid down in Art. 9c (1) must publish a transparency report on their Internet page on an annual basis at least three months after the end of their financial year. This report must at least contain:

- a) a description of the legal form and the ownership structures;
- b) a description of the organisational and legal structure if there is existing involvement in a network;
- c) a description of the internal quality assurance system as well as an explanation from the administrative or management body on its effectiveness;
- d) the date of the last quality assurance audit in accordance with Art. 12b;
- e) a list of the companies mentioned in sentence 1 in which an annual audit was carried out in the previous financial year;
- f) an explanation of the measures taken to maintain independence, including confirmation that an internal inspection of the observation of independence requirements has taken place;
- g) information on the basis for the fees of the managing employees.

2) Furthermore, the transparency report of the auditing companies mentioned in Para 1 sentence 1 must also contain the following:

⁴⁴ Art. 12 amended by LGBl. 2011 No. 6.

⁴⁵ Art. 12a inserted by LGBl. 2011 No. 6.

- a) a description of the management structure;
 - b) an explanation of how the company encourages its auditors to fulfil their obligation to undergo further training;
 - c) financial information which reflects the importance of the company, namely total turnover divided into fees as laid down in Art. 1092 Clause 17 PGR.
- 3) The transparency report is signed by the auditor or the auditing company in a legally binding manner.

IIa. Quality assurance examination⁴⁶

Art. 12b⁴⁷

Subject and scope

1) Registered auditors and auditing companies are subject to a quality assurance audit with regard to the implementation of annual audits.

2) The quality assurance audit must compile an assessment of the following areas on the basis of appropriate inspections of selected documentation:

- a) the observance of relevant auditing standards and independence requirements;
- b) the quantity and quality of the resources deployed and the calculated fees;
- c) the appropriateness of the internal quality control system and further training.

3) Quality control audits must at least be carried out:

- a) at auditor's offices or auditing companies that carry out annual audits on companies whose securities are approved for trade in a regulated market in an EEA contracting state as laid down in Art. 4 (1) Clause 21 of Directive 2014/65/EC every three years;⁴⁸
- b) in other cases, every six years.

⁴⁶ Heading before Art. 12b inserted by LGBL 2011 No. 6.

⁴⁷ Art. 12b inserted by LGBL 2011 No. 6.

⁴⁸ Art. 12b (3) (a) amended by LGBL 2017 No. 404.

4) The government regulates the details on the content and execution of quality assurance audits by decree.

Art. 12c⁴⁹

Quality assurance office

- 1) The FMA is responsible for carrying out quality assurance audits.
- 2) The FMA may carry out quality assurance audits itself at any time or – in exceptional circumstances – have them carried out by third parties commissioned by it.
- 3) Persons who are entrusted with carrying out quality assurance audits must have a suitable professional qualification and relevant practical experience. They must be selected so that any conflicts of interest are excluded and their independence is not jeopardised.

Art. 12d⁵⁰

Audit report

- 1) An audit report which includes the most important key conclusions of the audit must be created for every quality assurance audit. This report will not be published.
- 2) The recommendations expressed in audit reports must be implemented by the auditor or the auditing company within a reasonable period.
- 3) If a disciplinary misdemeanour is identified during a quality assurance audit, the FMA will start an official disciplinary procedure.
- 4) The FMA must report on the overall results of its supervision of auditors and auditing companies in an activity report on an annual basis, and it must produce a work programme with goals and priorities for the following year.

⁴⁹ Art. 12c inserted by LGBL 2011 No. 6.

⁵⁰ Art. 12d inserted by LGBL 2011 No. 6.

III. Disciplinary Authority

Art. 13

Disciplinary misdemeanour

1) An auditor who culpably violates the obligations of his/her profession or compromises the honour or reputation of the profession commits a disciplinary offence. A disciplinary offence is considered to be in particular:

- a) a breach of the auditing standards that must be applied during annual audits;
- b) a breach of the requirements of independence which must be observed during annual audits;
- c) insufficient documentation of annual audits with regard to risk assessment, audit planning, implemented audit procedures, judgement or reporting;
- d) insufficient ongoing professional training;
- e) refusal to collaborate or culpable delay in collaborating with the quality assurance body;
- f) failure to implement the recommendations expressed in audit reports in accordance with Art. 12d within the prescribed period;
- g) incorrect or neglected notifications of changes to the data entered in the Auditors' Register;
- h) incorrect or omitted information in transparency reports.⁵¹

2) An auditor commits a disciplinary misdemeanour through non-businesslike behaviour if it is likely to significantly affect his/her trustworthiness.

Art. 14⁵²

Jurisdiction

The disciplinary authority over the auditors is exercised by the FMA.

⁵¹ Art. 13 (1) amended by LGBL 2011 No. 6.

⁵² Art. 14 amended by LGBL 2011 No. 6.

Art. 15

Disciplinary procedure

1) The disciplinary procedure against auditors will be initiated officially or upon notification.

2) Upon launching criminal proceedings against an auditor due to a crime or an offence, the Public Prosecution Service must immediately notify the FMA.⁵³

3) The Association of Auditors gains party status in all instances of a disciplinary procedure against auditors.⁵⁴

Art. 16

Disciplinary penalties

1) Disciplinary penalties that are applied include:

- a) a written reprimand;
- b) monetary fines up to the amount of 50,000 francs;
- c) prohibition of professional practice for a period of up to one year;
- d) imposition of a professional ban.

2) The disciplinary penalty of prohibition of professional practice can be fully or partly pursued by imposing a probationary period of at least one year and at the most three years, provided it is plausible that its threat would be sufficient to prevent the accused from committing other disciplinary misdemeanours.

3) Besides the disciplinary penalty of prohibition of professional practice that is explicitly pronounced or fully suspended on probation, a monetary fine can also be imposed.

4) When imposing the disciplinary penalty, the degree of fault and the resulting disadvantages for the clientèle in particular must be taken into account; income and financial circumstances must also be considered when calculating monetary fines.

⁵³ Art. 15 (2) amended by LGBl. 2011 No. 6.

⁵⁴ Art. 15 (3) amended by LGBl. 2011 No. 6.

Art. 17

Temporary measures

- 1) The FMA may order temporary measures against an auditor if⁵⁵
 - a) the auditor was found guilty of a crime or an offence in a court of law;
 - b) the disciplinary penalty of the prohibition of exercising the profession is permanent;and the temporary measure is required taking into account the nature and weight of the disciplinary action brought against the auditor.
- 2) Before any decision is taken on a temporary measure, the auditor must have the opportunity to make a statement.
- 3) A temporary measure must be revoked, amended or replaced by another if it should occur that the requirements for the order no longer exist or the circumstances have changed significantly.
- 4) Any temporary measures are annulled with the legally binding conclusion of the disciplinary procedure.

Art. 18⁵⁶*Appeals*

The right of appeal in disciplinary proceedings is based on Art. 47d.

Art. 19⁵⁷

Repealed

Art. 19a⁵⁸*Reporting*

The FMA publishes summarised information on the disciplinary proceedings that it has carried out and the results in an appropriate manner at least once annually.

⁵⁵ Art. 17 (1) introductory sentence amended by LGBL 2011 No. 6.

⁵⁶ Art. 18 amended by LGBL 2011 No. 6.

⁵⁷ Art. 19 repealed by LGBL 2011 No. 6.

⁵⁸ Art. 19a inserted by LGBL 2011 No. 6.

Art. 19b⁵⁹*Auditing companies*

The disciplinary authority over the responsible general managers of auditing companies is exercised by the FMA in accordance with the provisions of Art. 13 to 19a.

IV. Deletion, Removal and Revocation of Licences⁶⁰

Art. 20

Deletion of licences⁶¹

- 1) Licences are deleted upon:⁶²
 - a) the death of the licence holder;
 - b) loss of the capacity to act;
 - c) a waiver declared in writing;
 - d) the issuance of a disciplinary decision;
 - e) the legally binding opening of bankruptcy proceedings until its legal annulment and the legal dismissal of an application to open bankruptcy proceedings in the absence of sufficient assets to cover costs;
 - f) termination or deletion of the auditing company in the Commercial Register.⁶³
- 2) When all statutory requirements have been met, the licence to carry out the profession of auditor may be reissued.

Art. 21⁶⁴*Removal of licences*

- 1) Licences will be removed if:
 - a) the requirements for their issuance are no longer met; or

⁵⁹ Art. 19b inserted by LGBL 2011 No. 6.

⁶⁰ Heading before Art. 20 amended by LGBL 2011 No. 6.

⁶¹ Art. 20 subject heading amended by LGBL 2011 No. 6.

⁶² Art. 20 (1) amended by LGBL 2011 No. 6.

⁶³ Art. 20 (1) (f) amended by LGBL 2013 No. 6.

⁶⁴ Art. 21 amended by LGBL 2011 No. 6.

d) the licence holder does not comply with the FMA's requests to restore a lawful state of affairs.

2) The removal of the licence must be justified, the affected parties must be notified and it must be published in the Official Journal after it enters into legal effect.⁶⁵

Art. 22⁶⁶

Revocation of licences

1) Licences may be amended or revoked if the licence holder fraudulently obtained the licence by providing false information or if the FMA was unaware of essential facts.

2) The revocation of a licence will be published in the Official Journal.⁶⁷

Art. 23⁶⁸

Repealed

Art. 24⁶⁹

Repealed

⁶⁵ Art. 21 (2) amended by LGBL 2015 No. 273.

⁶⁶ Art. 22 amended by LGBL 2011 No. 6.

⁶⁷ Art. 22 (2) amended by LGBL 2015 No. 273.

⁶⁸ Art. 23 repealed by LGBL 2011 No. 6.

⁶⁹ Art. 24 repealed by LGBL 2011 No. 6.

V. Liechtenstein Association of Auditors⁷⁰

Art. 25

Composition and legal form

1) The Liechtenstein Association of Auditors, hereinafter the Association of Auditors, is made up of professionally active auditors and auditing companies as per Art. 7.

2) The Association of Auditors is a corporation under public law. It is under the supervision of the government to ensure its legitimacy.

Art. 26

Obligations

1) The Association of Auditors is responsible for protecting the honour, the reputation and the rights as well as the monitoring of the obligations of the professional standards of auditing.

2) The Association of Auditors carries out its business through its managing board, provided that they are not expressly assigned to the plenary assembly.

Art. 27

Plenary assembly

1) The plenary assembly is assigned the following matters:

- a) election of the President, the Vice President and the other members of the managing board;
- b) selection of an audit office;
- c) definition of the rules of procedure of the Auditors' Association;
- d) setting of the annual contributions of the Association members to cover the administrative costs;
- e) approval of the preliminary estimate of the annual accounts;
- f) approval of the annual accounts;
- g) issuance of codes of ethics;
- h) issuance of guidelines on fees;

⁷⁰ Heading before Art. 25 amended by LGBl. 2011 No. 6.

- i) issuance of further education and training guidelines;⁷¹
 - k) issuance of guidelines on independence when carrying out annual audits.⁷²
- 2) Natural persons pay a fixed annual membership fee.
 - 3) The membership payments for auditing companies consist of:
 - a) a fixed annual amount;
 - b) a variable annual amount based on the number of members.
 - 4) As long as the rules of procedure do not contain any stricter provisions, the plenary assembly is deemed quorate if at least a quarter of the Association members are present; it passes its resolutions with simple majority. The presence of at least half of the Association members and a majority of two thirds is absolutely necessary to adopt resolutions on the rules of procedure.
 - 5) The rules of procedure of the Association of Auditors require the approval of the government to be effective.

Art. 28

Managing Board

- 1) The managing board of the Association of Auditors consists of five members.
- 2) The President, the Vice President and the other members of the managing board are selected from among the members with absolute majority vote by the attendees. The term of office is three years. Re-election is permissible.
- 3) The field of activity of the managing board includes:
 - a) contact with authorities and third parties;
 - b) stipulation and collection of the annual fees of the members;
 - c) provision of expert opinions on the appropriateness of the fee and the remuneration of the services of the auditor as well as the amicable settlement of an existing dispute in this regard;
 - d) mediation of disagreements between members;

⁷¹ Art. 27 (1) (i) amended by LGBl. 2011 No. 6.

⁷² Art. 27 (1) (k) inserted by LGBl. 2011 No. 6.

- e) exercise of petitioning and right of appeal in the disciplinary proceeding;
- f) preparation of the business and convocation of the plenary assembly;
- g) execution of the decisions of the plenary assembly;
- h) submission of legislative proposals and opinions on draft legislation;
- i) identification of the members of the Examination Commission for Auditors;
- k) organisation of further education and training events, and collaboration with other providers of such events;
- l) collaboration with foreign auditor organisations.

Art. 29

Prescribed contribution

The legal fee assessment notice is an enforcement deed within the meaning of a forced collection order.

Art. 30

Legal remedies

1) Decisions and decrees of the managing board of the Association of Auditors may be appealed within 14 days of service via a complaint to the government.

2) Decisions and decrees of the government may be appealed within 14 days of service via a complaint to the Administrative Court.⁷³

⁷³ Art. 30 (2) amended by LGBl. 2004 No. 33.

VI. Establishment of Auditors from the European Economic Area⁷⁴

Art. 31

Professional requirements

1) A citizen of an EEA contracting state who is authorised in accordance with the regulations of his/her country of origin to carry out businesslike activities as laid down in Art. 7 may establish him/herself to carry out these activities in the Principality of Liechtenstein.⁷⁵

2) Citizens of other states may establish themselves in the Principality of Liechtenstein as laid down in Para. 1 to also exercise this activity provided that reciprocity agreements have been concluded with these states.⁷⁶

Art. 32

Licensing conditions

1) The branch requires a licence from the FMA as laid down in Art. 31.⁷⁷

2) The applicant must provide evidence of the following:

- a) powers in accordance with Art. 31;
- b) successful completion of the qualifying examination (Art. 33 et seq.);
- c) professional residence in Switzerland;
- d) existence of liability insurance as laid down in Art. 11.⁷⁸

3) Repealed⁷⁹

4) The Association of Auditors gains party status in the procedure as laid down in Para. 1.

⁷⁴ Heading before Art. 31 amended by LGBL 2011 No. 6.

⁷⁵ Art. 31 (1) amended by LGBL 2011 No. 6.

⁷⁶ Art. 31 (2) inserted by LGBL 1997 No. 34.

⁷⁷ Art. 32 (1) amended by LGBL 1995 No. 51 and LGBL 2004 No. 186.

⁷⁸ Art. 32 (2) amended by LGBL 2011 No. 6.

⁷⁹ Art. 32 (3) repealed by LGBL 2007 No. 158.

Art. 33

Qualifying examination

1) The qualifying examination is a state-approved examination that is solely related to the professional knowledge of the applicant; it assesses his/her capacity to carry out activities as laid down in Art. 7 in the Principality of Liechtenstein.

2) The qualifying examination must take account of the fact that the applicant holds a professional qualification entitling them to exercise the profession of auditor in an EEA contracting state or in Switzerland. The qualifying examination only verifies whether the applicant has sufficient knowledge of the relevant legal and administrative regulations of the Principality of Liechtenstein for annual audits.⁸⁰

Art. 34

Conducting the Qualifying Examination

The Examination Commission for Auditors is responsible for conducting the qualifying examination.

Art. 35

Admission to the Qualifying Examination

1) The FMA decides who is admitted to the qualifying examination.⁸¹

2) An applicant will not be admitted to the qualifying examination if he/she does not fulfil the statutory requirements and does not submit the necessary documents and declarations.

Art. 36

Examination subjects and content

1) Examination subjects include the compulsory subject auditing and company law, two optional subjects as well as professional regulations of auditors. The applicant shall select one optional subject from each of the two optional subject groups:⁸²

⁸⁰ Art. 33 (2) amended by LGBL 2011 No. 6.

⁸¹ Art. 35 (1) amended by LGBL 2004 No. 186.

⁸² Art. 36 (1) introductory sentence amended by LGBL 2007 No. 158.

- a) fiscal law and tax law or company law and property law;
- b) areas of auditing and accounting as well as corporate law and property law not covered by the compulsory subject.

The applicant may not select the same optional subject in each optional subject group.

2) The examination contents include the areas of the compulsory subject to be determined in more detail by decree and the two optional subjects.

Art. 37

Written and oral examination

1) The qualifying examination consists of a written and an oral examination. It will be taken in German.

2) The written examination includes two papers. One paper relates to the compulsory subject, while the other relates to the optional subject selected by the applicant.

3) The applicant shall only be admitted to the oral examination if the two written papers meet the requirements; otherwise, he/she shall be considered to have failed the examination.⁸³

4) The oral examination includes the regulations governing the auditor profession as well as the optional subject in which the applicant has not written a paper.⁸⁴

Art. 38

Assessment of the Qualifying Examination

The Examination Commission shall decide on the basis of its overall impression of the applicant's performance in the written and oral examination whether the applicant has the necessary knowledge as laid down in Art. 32.

⁸³ Art. 37 (3) amended by LGBL 2007 No. 158.

⁸⁴ Art. 37 (4) amended by LGBL 2007 No. 158.

Art. 39⁸⁵*Legal remedies*

Decisions or decrees of the Examination Commission can be appealed within 14 days of service via a complaint to the government on the grounds of legal and procedural violations. The same applies in the event of an appeal to the Administrative Court.

Art. 40⁸⁶*Applicable provisions*

The following provisions shall apply analogously to established auditors:

- a) with regard to registration, Art. 6b et seq.;
- b) with regard to rights and obligations, quality assurance as well as disciplinary authority, Art. 7 et seq.;
- c) with regard to the implementation of the qualifying examination, Art. 4 (2) and (3), Art. 5 (2) and (3) as well as Art. 6 (4) and (5).

VII. Exercise of Freedom to Provide Services⁸⁷

Art. 41

Authorisation

1) A citizen of an EEA contracting state who is licensed in accordance with the regulations of his/her home state to carry out businesslike activities as laid down in Art. 7 may establish him/herself to temporarily exercise this activity in the Principality of Liechtenstein.⁸⁸

2) Citizens of other states may be licensed in the Principality of Liechtenstein as laid down in Para. 1 if the requirements are fulfilled in accordance with Art. 42 (2). There is no entitlement to authorisation.

⁸⁵ Art. 39 amended by LGBL 2004 No. 33.

⁸⁶ Art. 40 amended by LGBL 2011 No. 6.

⁸⁷ Heading before Art. 41 amended by LGBL 2011 No. 6.

⁸⁸ Art. 41 (1) amended by LGBL 2011 No. 6.

Art. 42

Licensing conditions

1) The provision of services requires a licence from the FMA as laid down in Art. 41.⁸⁹

2) The licence will be issued if the applicant provides evidence of the following:

- a) powers in accordance with Art. 41 (1);
- b) professional residence in the home state;
- c) successful completion of the qualifying examination (Art. 33 et seq.);
- d) membership of the professional organisation of the home state;
- e) existence of liability insurance as laid down in Art. 11.⁹⁰

3) Repealed⁹¹

4) The Association of Auditors gains party status in the procedure as laid down in Para. 1.

Art. 43⁹²

Repealed

Art. 44⁹³*Professional obligations, quality assurance and disciplinary authority*

The persons mentioned in Art. 41 are subject to the provisions on the professional obligations of auditors, quality assurance as well as disciplinary authority. During the quality assurance, the FMA shall consider the conditions in the respective home state.

⁸⁹ Art. 42 (1) amended by LGBl. 2004 No. 186.

⁹⁰ Art. 42 (2) amended by LGBl. 2011 No. 6.

⁹¹ Art. 42 (3) repealed by LGBl. 2007 No. 158.

⁹² Art. 43 repealed by LGBl. 2007 No. 158.

⁹³ Art. 44 amended by LGBl. 2011 No. 6.

Art. 45⁹⁴*Foreign auditing companies*

The provisions in Art. 41 et seq. shall also apply for auditing companies whose registered office is in an EEA contracting state or in Switzerland.

VIII. Collaboration⁹⁵Art. 45a⁹⁶*Collaboration with Liechtenstein offices*

1) The responsible Liechtenstein offices shall transmit to each other upon request all information as well as personal data, including personal data on criminal convictions and offences, which they require to fulfil their tasks in accordance with this Act.⁹⁷

2) The courts shall transmit to the competent Liechtenstein offices unprompted all criminal law rulings which they require to fulfil their tasks in accordance with this Act.

Art. 45b⁹⁸*Collaboration with foreign offices*

1) The FMA shall provide assistance to an office in another EEA contracting state for appointments, recognition, supervision and quality control as long as this is required to fulfil the mentioned tasks of the responsible office in the individual case. If a request cannot be completed within a reasonable period, the FMA shall inform said office, stating the reasons.

2) If the FMA has concrete evidence that an auditor or an auditing office from another EEA contracting state has infringed EEA law in the

⁹⁴ Art. 45 amended by LGBL. 2011 No. 6.

⁹⁵ Heading before Art. 45a inserted by LGBL. 2011 No. 6.

⁹⁶ Art. 45a inserted by LGBL. 2011 No. 6.

⁹⁷ Art. 45a (1) amended by LGBL. 2018 No. 308.

⁹⁸ Art. 45b inserted by LGBL. 2011 No. 6.

area of annual audits of annual accounts and consolidated final statements, it shall notify the responsible office of the other contracting state.

3) If the FMA receives corresponding information from the responsible office of another EEA contracting state regarding Liechtenstein auditors or auditing companies, the FMA shall take suitable measures and inform the responsible office of the other contracting state about the results. The responsible office of another contracting state can also request investigations via the FMA in which the representatives of the responsible office may participate when they are obligated to maintain confidentiality.

4) The FMA shall refuse to carry out its own investigations or to accompany representatives of the responsible office of another EEA contracting state carrying out investigations if:

- a) this could impact on or violate sovereignty, safety or public order;
- b) a judgement is pending concerning the same actions and against the same person in Liechtenstein; or
- c) a judgement has already been handed down concerning the same actions and against the same person.

5) Information which is subject to a duty of secrecy may only be exchanged if care is taken to ensure that it is kept secret in the same manner as in the offices mentioned in Para. 1. There shall be no exchange of information if public safety or order could be impacted thereby.

6) Para. 1 to 5 shall also apply analogously in relation to third countries if such a collaboration is intended within the scope of bilateral agreements.

IX. Criminal Provisions

Art. 46

Contraventions

1) Anyone who uses the professional title “auditor” or a similar professional or business title illegally shall be penalised by the Court of Justice for the said contravention with a fine of up to 50,000 francs; in cases where this sum is uncoverable, a custodial sentence of up to six months shall apply.

2) Anyone who holds a professional or business title or runs a company that has not been authorised by the FMA while carrying out activities as laid down in Art. 7 shall be penalised by the Court of Justice for the said contravention with a fine of up to 20,000 francs; in cases where this sum is uncoverable, a custodial sentence of up to three months shall apply.⁹⁹

Art. 47

Misdemeanours

Whoever practises an activity as laid down in Art. 7 without a licence shall be penalised by the Regional Court for the misdemeanour with a custodial sentence of up to three months or with a fine of up to 180 daily penalty units.

IXa. Data processing, fees and legal protection¹⁰⁰

Art. 47a¹⁰¹

Processing of personal data¹⁰²

1) The FMA and other competent Liechtenstein authorities and agencies may process personal data, including personal data on criminal sentences and offences of the persons subject to this Act, process or have said data processed if this is necessary for them to fulfil their duties under this Act.¹⁰³

2) The FMA shall take all technical and organisational measures which are required to protect the collected data from misuse.

Art. 47b¹⁰⁴

Repealed

⁹⁹ Art. 46 (2) amended by LGBL 2004 No. 186.

¹⁰⁰ Heading before Art. 47a amended by LGBL 2018 No. 308.

¹⁰¹ Art. 47a inserted by LGBL 2007 No. 158.

¹⁰² Art. 47a subject heading amended by LGBL 2018 No. 308.

¹⁰³ Art. 47a (1) amended by LGBL 2018 No. 308.

¹⁰⁴ Art. 47b repealed by LGBL 2011 No. 6.

Art. 47c¹⁰⁵

Supervision levies and fees

The supervision levies and fees are based on the Financial Market Supervision Act.

Art. 47d¹⁰⁶

Legal remedies

1) Decisions and decrees of the FMA can be appealed via a complaint to the FMA Complaints Commission within 14 days of service.

2) Complaints may be raised against decisions and decrees of the FMA Complaints Commission within 14 days of service at the Administrative Court.

3) Legal remedies remain reserved in accordance with the special provisions of this Act.

X. Transitional Provisions

Art. 48

Accountant licences

1) All licences previously issued to lawyers, legal agents, trustees, accountants and patent lawyers on the basis of the Act of 13 November 1968, LGBl 1968 No. 33, in the applicable version, remain unaffected and may, if they are temporary, be extended accordingly by the government up to 31 December 1999 at the latest.¹⁰⁷

2) Natural persons who held an accountant's licence and met the requirements in accordance with the Act of 29 April 1987, LGBl 1987 No. 29, upon the entry into effect of this Act may still operate as responsible general managers as laid down in Art. 21 (1) (c).¹⁰⁸

¹⁰⁵ Art. 47c amended by LGBl. 2011 No. 6.

¹⁰⁶ Art. 47d inserted by LGBl. 2007 No. 158.

¹⁰⁷ Art. 48 (1) amended by LGBl. 1997 No. 34.

¹⁰⁸ Art. 48 (2) amended by LGBl. 1994 No. 21.

3) Natural persons who were general managers of a company with an accountant's licence and met the requirements in accordance with the Act of 29 April 1987, LGBl. 1987 No. 29, upon the entry into effect of this Act may still personally exercise the profession of auditor and operate as responsible general managers as laid down in Art. 21 (1) (c).¹⁰⁹

4) In sections of acts or decrees where reference is made to “accountants”, this term shall be replaced by “auditors” as laid down in this Act.¹¹⁰

Art. 48a¹¹¹

Transitional provisions on the amendment of 25 November 2010

1) Licensed auditors and auditing companies must supply the necessary information as laid down in Art. 6d (1) and (2) in German, legally signed, to the FMA within six months of the entry into effect of this change in law. The FMA officially enters the data in the Auditors' Register.

2) The plenary assembly of the Association of Auditors must issue the guidelines on independence in accordance with Art. 27 (1) (k) within six months of the entry into effect of this change in law.

3) Swiss auditors already operating in Liechtenstein who successfully passed the qualifying examination before this Act came into effect are considered auditors as laid down in this Act.

4) In the case of annual audits of companies which are authorised under the Banking Act, the Investment Undertaking Act, the Payment Services Act or the Insurance Supervision Act, the report may also be signed in accordance with Art. 10a (3) by lead auditors or auditing companies for two years, provided that they were already licensed to do so when this law change comes into effect as specified in the aforementioned acts. The government may extend this deadline by decree.

5) The regulations of this law which relate to the implementation of annual audits shall apply as soon as the company to be audited undertakes to carry out an annual audit in accordance with Art. 1058 PGR.

6) The current law shall continue to apply to practical work that has already been started when this change in law comes into effect.

¹⁰⁹ Art. 48 (3) inserted by LGBl. 1994 No. 21.

¹¹⁰ Art. 48 (4) inserted by LGBl. 1994 No. 21.

¹¹¹ Art. 48a amended by LGBl. 2011 No. 6.

Art. 49

Liability insurance

The obligation to conclude liability insurance also applies for auditors and auditing companies that are already active when this Act comes into effect. The government may set corresponding deadlines.

Art. 50

Examination Commission

The Examination Commission for auditors shall be appointed within two months of this Act coming into effect.

XI. Final Provisions

Art. 51

Entry into effect of this Act

With the exception of Art. 31 to 45, this Act shall enter into effect on the day it is announced.

Art. 52

Entry into effect of Art. 31 to 45

1) Subject to Para. 2, Art. 31 to 40 shall enter into effect on the day that the Agreement on the European Economic Area enters into effect.¹¹²

2) For citizens of a contracting party to the Agreement on the European Economic Area who were not already resident in the Principality of Liechtenstein before the Agreement came into effect, the provisions of Art. 31 to 40 shall only apply from 1 January 1997.

3) Provided that the Principality of Liechtenstein is a contracting party to the Agreement on the European Economic Area at the below-mentioned time, Art. 41 to 45 shall come into effect on 1 January 1997.

¹¹² Art. 52 (1) amended by LGBL 1995 No. 106.

Art. 53

Annulment

Provided that the Principality of Liechtenstein is a contracting party to the Agreement on the European Economic Area at the following time, Art. 20 (1) (a) and (b) of this Act shall be annulled on 31 December 1996.

Art. 54¹¹³

Repealed

Art. 55¹¹⁴

Repealed

Art. 56¹¹⁵

Repealed

Art. 57

Implementing regulations

The government shall enact the regulations required to implement this Act.

Art. 57a¹¹⁶

Repealed

Art. 58

Cancellation and continued application of existing law

1) When this Act enters into effect, the following provisions shall be repealed:

¹¹³ Art. 54 repealed by LGBL 2007 No. 180.

¹¹⁴ Art. 55 repealed by LGBL 2007 No. 180.

¹¹⁵ Art. 56 repealed by LGBL 2011 No. 6.

¹¹⁶ Art. 57a repealed by LGBL 2007 No. 158.

- a) the law of 13 November 1968 on lawyers, legal agents, trustees, accountants and patent lawyers, LGBl. 1968 No. 33, insofar as it applies to accountants;
 - b) the Act of 5 July 1979 on the amendment of the Act of 13 November 1968 on lawyers, legal agents, trustees, accountants and patent lawyers, LGBl. 1979 No. 44, insofar as it applies to accountants;
 - c) the Act of 29 April 1987 on the amendment of the Act on lawyers, legal agents, trustees, accountants and patent lawyers, LGBl. 1987 No. 29, insofar as it applies to accountants.
- 2) Art. 39a and 39b of the Act of 13 November 1968, in the version of the Act of 29 April 1987. LGBl. 1987 No. 29, shall continue to apply.

signed *Hans-Adam*

signed *Hans Brunhart*
Prime Minister