

Translation of Liechtenstein Law

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Ordinance

of 17 February 2009

**on Professional Due Diligence for the
Prevention of Money Laundering, Organised
Crime and Financing of Terrorism (Due
Diligence Ordinance; SPV)**

On the basis of Art. 38 of the Act of 11 December 2008 on professional due diligence for the prevention of money laundering, organised crime and the financing of terrorism (Due Diligence Act; SPG), LGBL 2009 no. 471, the Government decrees:

I. General provisions

Art. 1

Object and Purpose

- 1) This Ordinance governs in particular:
- a) the identification and verification of the identity of the contracting party and the beneficial owner;
 - b) the content of the business profile;
 - c) supervision of business relationships at a level that is commensurate with the risk;

- d) risk assessment, simplified and enhanced due diligence, states with strategic deficiencies, delegation and outsourcing of due diligence and global monitoring;²
- e) the procedure to be adopted when reporting to the Financial Intelligence Unit FIU;
- f) record-keeping requirements and internal organisation;
- g) the performance of inspections;
- h) the requirements for the appointment of auditors, audit companies and audit offices subject to special legislation;
- i) the requirements of risk-based supervision and the electronic reporting system.³

2) It serves to transpose and/or implement the following EEA laws and regulations:⁴

- a) Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing, amending Regulation (EU) no. 648/2012 of the European Parliament and of the Council and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ. L 141 of 5.6.2015, p. 73);
- b) Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation no. 1781/2006 (OJ. L 141 of 5.6.2015, p. 1).

3) Repealed⁵

Art. 2

Politically exposed persons

1) The following offices shall be deemed to be prominent public functions within the meaning of Art. 2 (1) h) of the Act – unless they are only junior or middle-ranking offices:

- a) heads of state, heads of government, ministers, deputy ministers, secretaries of state and prominent party officials;⁶

² Art. 1 (1) d) amended by LGBL 2017 no. 215.

³ Art. 1 (1) i) inserted by LGBL 2017 no. 215.

⁴ Art. 1 (2) amended by LGBL 2017 no. 215.

⁵ Art. 1 (3) repealed by LGBL 2017 no. 215.

- b) Members of Parliament or members of comparable state legislative bodies;⁷
- c) members of supreme courts, constitutional courts or other high-ranking judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances;
- d) members of the courts of auditors or the managing board and executive bodies of central banks;
- e) ambassadors, chargés d'affaires and high-ranking officers in the armed forces;
- f) members of the managing board, executive bodies or supervisory bodies of state-owned enterprises;
- g) directors, deputy directors and members of the executive body, as well as similar office holders at international governmental organisations.⁸

2) The following shall be deemed immediate family members within the meaning of Art. 2 (1) h) of the Act:

- a) the spouse;
- b) the partner considered equivalent to a spouse under national law;
- c) children and their spouses or partners;
- d) parents.

3) Persons known to be close associates within the meaning of Art. 2 (1) h) of the Act shall include natural persons who:⁹

- a) are known to have joint beneficial ownership of legal entities together with a politically exposed person or are known to maintain other close business relations with a politically exposed person;
- b) have sole beneficial ownership of a legal entity which is known to have been set up for the de facto benefit of a politically exposed person.

4) Holders of prominent public functions in Liechtenstein shall not be deemed politically exposed persons as defined in Art. 2 (1) h) of the Act in their capacity as:¹⁰

⁶ Art. 2(1) a) amended by LGBL 2013 no. 43.

⁷ Art. 2 (1) b) amended by LGBL 2017 no. 215.

⁸ Art. 2 (1) g) inserted by LGBL 2017 no. 215.

⁹ Art. 2 (3) amended by LGBL 2017 no. 215.

¹⁰ Art. 2 (4) inserted by LGBL 2017 no. 215.

- a) a member of the foundation board, board of directors or of the trustee as referred to in Art. 3 (1) b) no. 2; or
 - b) a protector as referred to in Art. 3 (1) b) no. 3.
- 5) The FMA shall provide further details concerning measures to determine politically exposed persons in a directive.¹¹

Art. 3

*Beneficial owners and recipients of distributions*¹²

- 1) The following shall be deemed to be beneficial owners:¹³
- a) in corporate bodies, including establishments with a corporate structure or trust enterprises, and companies without legal personality:¹⁴
 - 1. natural persons, who ultimately directly or indirectly:
 - aa) hold or control a share or voting right amounting to 25 % or more in such legal entities;
 - bb) have a share of 25 % or more in the profits of such legal entities; or
 - cc) exercise control over the management of such legal entities in another way;¹⁵
 - 2. natural persons, who are members of the executive body if – after exhausting all alternatives and provided there are no grounds for suspicion – no such person as referred to in no. 1 can be identified;
 - b) for foundations, trusteeships and establishments with a structure similar to that of a foundation or trust enterprises:¹⁶
 - 1. natural persons, who are effective, non-fiduciary sponsors, founders or settlors, irrespective of whether they exercise control over the legal entity after its foundation;
 - 2. natural or legal persons who are members of the foundation board or board of directors or of the trustee;
 - 3. any natural persons who are protectors or persons in similar or equivalent functions;

¹¹ Art. 2 (5) inserted by LGBL 2017 no. 215.

¹² Art. 3 heading amended by LGBL 2017 no. 215.

¹³ Art. 3 (1) amended by LGBL 2015 no. 249.

¹⁴ Art. 3 (1) a) introductory sentence amended by LGBL 2017 no. 215.

¹⁵ Art. 3 (1) a) no 1. cc) amended by LGBL 2017 no. 353.

¹⁶ Art. 3 (1) b) introductory sentence amended by LGBL 2017 no. 215.

4. natural persons who are beneficiaries;
 5. if the beneficiaries have yet to be determined, the group of persons, in whose interests the legal entity is primarily established or operated.
 6. in addition to the above, the natural persons who ultimately control the legal entity through direct or indirect ownership rights or in any other way;
- c) in insurance contracts: the natural persons who ultimately pay the insurance premiums;¹⁷
 - d) in regional authorities or authorities in EEA Member States or in Switzerland or in institutions of the EU and the EEA: the legal entity;¹⁸
 - e) at the Liechtensteinische Post Aktiengesellschaft, acting as a direct contracting partner in its own name and for its own account: the legal entity;¹⁹
 - f) in banks, investment firms, fund trading platforms, central depositories and insurance undertakings, acting as a direct contracting party in their own name and for their own account: the legal entity;²⁰
 - g) in institutions referred to in f), that meet the requirements of Art. 14 (1) b) of the Act and act as a direct contracting partner in their own name and for their own account: the legal entity;²¹
 - h) for beneficiaries as referred to in (1) b) no. 4 in respect of whom the contracting partner furnishes proof that a legal entity as defined in Art. 2 (1) b) of the Act is concerned in this case: the legal entity;²²
 - i) in tax-exempt occupational pension schemes with registered office in the EEA or Switzerland, acting as a direct contracting partner in their own name and for their own account: the legal entity.²³
- 2) Control for the purposes of (1) shall mean in particular the ability:
- a) to dispose of the assets of the legal entity;
 - b) to amend the provisions that have a formative influence on the legal entity;
 - c) to change the beneficial interest; or

¹⁷ Art. 3 (1) c) amended LGBL. 2015 no. 250.

¹⁸ Art. 3 (1) d) amended by LGBL. 2017 no. 353.

¹⁹ Art. 3 (1) e) inserted by LGBL. 2017 no. 215.

²⁰ Art. 3 (1) f) inserted by LGBL. 2017 no. 215.

²¹ Art. 3 (1) g) inserted by LGBL. 2017 no. 215.

²² Art. 3 (1) h) inserted by LGBL. 2017 no. 215.

²³ Art. 3 (1) i) inserted by LGBL. 2017 no. 215.

d) to influence the exercise of the controlling functions referred to in a) to c).

3) For associations and societies without legal personality that pursue charitable or non-commercial objectives pursuant to Art. 2 (1) b) of the Act, the natural persons who are members of the executive body are to be recorded using Form C set out in Annex 1.²⁴

4) For units or voting rights, directly or indirectly held by legal entities and in respect of which the shareholding instruments are listed on a regulated market, that is subject to disclosure requirements in conformity with EEA law or subject to equivalent international standards, that guarantee adequate transparency of information concerning ownership, the identity of the beneficial owners does not have to be determined.²⁵

5) For condominium associations, co-ownership associations registered in the Land Register and other legal associations with a similar objective the identity of the beneficial owners does not have to be determined.²⁶

6) The provisions of (1) to (5) shall apply *mutatis mutandis* to the determination of the recipients of distributions. For recipients of distributions in respect of which the contracting partner furnishes proof that a legal entity as defined in Art. 2 (1) b) of the Act is concerned in this case, it is sufficient to determine the identity of the legal entity.²⁷

Art. 4²⁸

Repealed

Art. 5

Designations

Terms used to designate persons, functions and professional titles in this Ordinance are to be understood as referring to both the male and female gender.

²⁴ Art. 3 (3) inserted by LGBL 2017 no. 215.

²⁵ Art. 3 (4) inserted by LGBL 2017 no. 215.

²⁶ Art. 3 (5) inserted by LGBL 2017 no. 215.

²⁷ Art. 3 (6) inserted by LGBL 2017 no. 215.

²⁸ Art. 4 repealed by LGBL 2017 no. 215.

II. Due diligence

A. Identification and verification of the identity of the contracting party and the beneficial owner

1. Identification and verification of the identity of the contracting party

Art. 6²⁹

Basic Principle

1) When embarking upon a business relationship or concluding an occasional transaction, the person subject to due diligence shall establish the identity of the contracting party and verify that identity by consulting a supporting document (original or certified copy) relating to the contracting party and obtaining and recording the following particulars:

- a) for natural persons: name, forename, date of birth, residential address, state of residence and nationality;
- b) for legal entities: name or company style, legal form, address of registered office, state of domicile, date established, place and date of entry in the Commercial Register, where applicable, and the names of the bodies or trustees acting formally on behalf of the legal entity in the relationship with the person subject to due diligence.

2) The person subject to due diligence shall sign and date the documentation referred to in (1).

3) The persons subject to due diligence shall ascertain that each person purporting to act on behalf of the contracting party is authorised to do so. The persons subject to due diligence shall establish the identity of such persons by documentation of the information referred to in (1) a) and verify such particulars by consulting a supporting document (original or certified copy) or by means of signature authentication (Art. 9).

²⁹ Art. 6 amended by LGBL 2017 no. 215.

Confirmatory documents

Art. 7

a) Natural persons

1) For natural persons a valid official identity document bearing a photograph, specifically a travel document (passport, identity card) or a driving licence will constitute a confirmatory document. A travel document shall be valid if it entitles the contracting party to enter the Principality of Liechtenstein at the time when the identity of the contracting party is established and verified.³⁰

2) If the contracting party is unable to produce such a document from his home state, he must obtain a confirmation of identity from the competent authorities of his place of residence.

Art. 8

b) Legal entities

1) The following may be used as confirmatory documents for legal entities that are registered in the Commercial Register:³¹

- a) an extract from the Commercial Register issued by the Commercial Register authorities;³²
- b) a written extract from a database held by the Commercial Register authorities; or³³
- c) a written extract from a reliable, privately managed directory or similar database.

2) The following may be used as confirmatory documents for legal entities that are not registered in the Commercial Register:³⁴

- a) an official certificate issued in Liechtenstein;
- b) the statutes, the formation documents or the constitutive agreement;
- c) a confirmation of the information referred to in Art. 6 (1) b) by the appointed auditor of the annual financial statements;
- d) an official authorisation to conduct the activity; or

³⁰ Art. 7 (1) amended by LGBL 2017 no. 215.

³¹ Art. 8 (1) Introductory sentence amended by LGBL 2013 no. 12.

³² Art. 8 (1) a) amended by LGBL 2013 no. 12.

³³ Art. 8 (1) b) amended by LGBL 2013 no. 12.

³⁴ Art. 8 (2) Introductory sentence amended by LGBL 2013 no. 12.

- e) a written extract from a reliable, privately managed directory or a similar database.

Art. 9

Authentication

The confirmation of the authenticity of the copy of a confirmatory document or the authenticity of a signature may be issued by:

- a) a branch or group member company of the person subject to due diligence;
- b) another person subject to due diligence referred to in Art. 3 (1) a) to i) of the Act, a solicitor, a trustee, an auditor or an asset manager, who is subject to Directive (EU) 2015/849 or an equivalent regulation and supervision;³⁵
- c) a notary or another public office that normally issues such authentication documents.

Art. 10

Form and handling of the documents

- 1) Repealed³⁶

2) When embarking upon a business relationship or concluding an occasional transaction the persons subject to due diligence shall issue a copy of the original or the authenticated copy of the supporting document referred to in Art. 7 or 8 and confirm thereon that they have inspected the original or the authenticated copy, and place the signed and dated copy in the due diligence files.³⁷

3) The documents required for verification of identity must reflect the current circumstances. Certificates of authentication, register extracts and confirmations by the appointed auditor of the annual financial statements may not be more than twelve months old.

³⁵ Art. 9 b) amended by LGBL 2017 no. 215.

³⁶ Art. 10 (1) repealed by LGBL 2017 no. 215.

³⁷ Art. 10 (2) amended by LGBL 2017 no. 215.

2. Identification and verification of the identity of the beneficial owner

Art. 11³⁸

Written declaration of the contracting party

1) In order to establish and verify the identity of the beneficial owner the persons subject to due diligence must obtain and record the particulars referred to in Art. 6 (1) a). The documentation shall be dated.

2) In addition to the obligations referred to in Art. 7 to Art. 7b of the Act the persons subject to due diligence shall have the accuracy of the particulars referred to in (1) confirmed by the contracting party or a person authorised by that party by means of a signature or by a secure electronic signature in accordance with Art. 2 (1) d) or Art. 24 (3) of the Signature Act (SigG).

3) In order to meet the obligation referred to in Art. 7 (2) of the Act, the persons subject to due diligence should not rely exclusively on the information contained in registers with particulars concerning beneficial owners.

4) For pooled accounts, collective custody accounts or group policies, the persons subject to due diligence are not obliged to ask the contracting party to provide the confirmation referred to in (2). They must however hold a full register of the beneficial owners and ensure that they are informed immediately of any change. Annual reporting will suffice for collective risk life insurance – depending on the individual risk - if this nevertheless guarantees supervision commensurate with the risk. The register shall contain the particulars referred to in (1) in respect of each beneficial owner.

Art. 11a³⁹

*Record-keeping and use of forms*⁴⁰

1) The persons subject to due diligence shall keep records of the measures taken to establish the identity of the beneficial owners in accordance with Art. 3 (1) a).

³⁸ Art. 11 amended by LGBL 2017 no. 215.

³⁹ Art. 11a inserted in LGBL 2015 no. 249.

⁴⁰ Art. 11a subject heading amended by LGBL 2015 no. 250.

2) Once established, the identities of the beneficial owners referred to in Art. 3 (1) a) and b) shall be documented using the appropriate forms in Annex 1 (Form C or T).⁴¹

3) The determination of the identity of recipients of distributions as referred to in Art. 7a (2) of the Act is to be recorded using Form D as set out in Annex 2.⁴²

4) If the person to be recorded pursuant to Art. 3 (1) b) no. 1 has already died within ten years before the time a business relationship is commenced or occasional transactions are concluded, his or her identity shall be determined using a form provided by the FMA; if the person concerned died more than ten years previously it will be sufficient to identify that person in the business profile.⁴³

Art. 12⁴⁴

Repealed

Art. 13⁴⁵

Repealed

3. Common provisions

Art. 14⁴⁶

Safeguards in business relationships and transactions without personal contact

1) For business relationships and transactions without personal contact, personal observation and verification of identity as referred to in Art. 6 and 11 may be replaced by appropriate safeguards.

⁴¹ Art. 11a (2) inserted by LGBL 2015 no. 250.

⁴² Art. 11a (3) inserted by LGBL 2017 no. 215.

⁴³ Art. 11a (4) inserted by LGBL 2017 no. 215.

⁴⁴ Art. 12 repealed by LGBL 2017 no. 215.

⁴⁵ Art. 13 repealed by LGBL 2017 no. 215.

⁴⁶ Art. 14 amended by LGBL 2017 no. 215.

2) The FMA shall provide more specific details concerning the safeguards referred to in (1) in a guideline.

Art. 15

Repetition of the identification and verification of identity

1) If, in spite of repeating the process to identify them and verify their identity, doubts persist in respect of the data concerning the contracting party or the beneficial owner, the persons subject to due diligence must terminate the business relationship and keep a proper record of outward movements of assets.

2) The persons subject to due diligence are not permitted to terminate the business relationship if the requirements for the reporting obligation referred to in Art. 17 (1) of the Act have been met.

3) If the policy-holder of an existing insurance contract is replaced by a different policy-holder – specifically as a consequence of an assignment – the identity of the contracting party and the beneficial owner must be ascertained and verified once again.⁴⁷

Art. 16⁴⁸

Correspondent banking relations

1) Persons subject to due diligence as listed in Art. 3 (1) a) to i) of the Act who provide correspondent banking services for corresponding respondent institutions from third countries shall, in the case of transitory accounts, satisfy themselves that the respondent institution:

- a) has verified the identity of persons having direct access to the accounts of the respondent institution;
- b) has subjected these persons to constant due diligence scrutiny; and
- c) would be able, at the request of the person subject to due diligence, to provide the data required to comply with such due diligence regulations.

2) When obtaining information to assess the reputation of the respondent institution as referred to in Art. 11 (5) a) of the Act, it shall also be considered whether the respondent institution has already been the

⁴⁷ Art. 15 (3) amended by LGBl. 2017 no. 215.

⁴⁸ Art. 16 amended by LGBl. 2017 no. 215.

subject of investigations or supervisory measures in connection with money laundering or the financing of terrorism.

Art. 17⁴⁹

Repealed

Art. 18

Information and documents when commencing a business relationship

1) All information and documents required for the identification and verification of the identity of the contracting party and the beneficial owner must be complete and available in an appropriate form when the business relationship commences, or when an occasional transaction is carried out.⁵⁰

2) In derogation of (1) the persons subject to due diligence may undertake the verification of the identity of the contracting party or the beneficial owner after embarking upon a business relationship, if this is necessary to maintain the normal conduct of business and there is a low risk of money laundering and terrorist financing further to Art. 10 of the Act. In such a case the person subject to due diligence shall carry out the verification as soon as possible after the first contact and ensure that no outward movement of assets takes place in the meantime.⁵¹

3) In derogation of (1) the persons subject to due diligence as referred to in Art. 3 (1) a) of the Act may proceed with the opening of a bank account – including accounts through which securities transactions may be conducted –, provided that adequate safeguards are put in place to ensure that transactions (including inward and outward payments) are not conducted until the duties of due diligence referred to in Art. 5 (1) a) and b) of the Act have been performed in full.⁵²

⁴⁹ Art. 17 repealed by LGBL 2017 no. 215.

⁵⁰ Art. 18 (1) amended by LGBL 2013 no. 43.

⁵¹ Art. 18 (2) amended by LGBL 2017 no. 215.

⁵² Art. 18 (3) amended by LGBL 2017 no. 215.

Art. 19

Use of secure electronic signatures by legal persons

Confirmation as referred to in Art. 11 (2) may also be provided by legal persons using secure electronic signatures, provided that:⁵³

- a) the representational authority of the signatory for the legal person has been registered as an attribute in a qualifying certificate as referred to in Art. 5 (1) d) SigG (Digital Signature Act) or in a separate qualifying certificate of attributions in accordance with Art. 5 (2) SigG; and
- b) the certificate is no more than twelve months old.

B. Business profile

Art. 20

Content of the business profile

1) The business profile referred to in Art. 8 of the Act shall contain the following details:

- a) contracting party and beneficial owner;
- b) authorised agents and bodies dealing with the person subject to due diligence;
- c) origin of the deposited assets;⁵⁴
- d) financial background of the total assets, including occupation and business activity of the actual contributor of the assets; and⁵⁵
- e) intended use of the assets.

2) The level of detail to be provided in the information referred to in (1) c) to e) will depend on the degree of risk in the business relationship.

3) The person subject to due diligence shall record the particulars referred to in (1). The documentation shall be dated and signed.⁵⁶

⁵³ Art. 19 introductory sentence amended by LGBL 2017 no. 215.

⁵⁴ Art. 20 (1) c) amended by LGBL 2017 no. 215.

⁵⁵ Art. 20 (1) d) amended by LGBL 2017 no. 215.

⁵⁶ Art. 20 (3) inserted by LGBL 2017 no. 215.

C. Risk-appropriate monitoring of the business relationship

Art. 21⁵⁷

Computerised Systems

Where persons subject to due diligence have 100 managed business relationships or more, they must use a computerised system to enable them to identify business relationships and transactions with politically exposed persons.

Art. 22

Investigations

1) Simple investigations as referred to in Art. 9 (3) of the Act shall serve to validate the plausibility of circumstances or transactions that deviate from the business profile. The person subject to due diligence shall obtain, evaluate and document the information that is appropriate to clarify and explain the background to such circumstances or transactions in this connection.⁵⁸

2) In the context of special investigations as referred to in Art. 9 (4) of the Act, the person subject to due diligence shall obtain, evaluate and document the information that is appropriate to eliminate or corroborate any factors giving rise to such suspicions as referred to in Art. 17 (1) of the Act.

⁵⁷ Art. 21 amended by LGBL 2019 no. 2.

⁵⁸ Art. 22 (1) amended by LGBL 2017 no. 215.

D. Risk assessment and simplified and enhanced due diligence⁵⁹Art. 22a⁶⁰*Risk assessment*

- 1) The current risk must be taken into account in the allocation of business relationships and transactions in accordance with Art. 9a (4) of the Act.
- 2) The risk assessment is to be documented in such a way as to enable competent third parties to form a reliable opinion of the individual risks and the use of simplified and enhanced due diligence. Art. 28 shall otherwise apply.
- 3) The risk assessment referred to in Art. 9a (1) and (3) of the Act shall be updated at regular intervals, at least once every three years. The risk assessment must also be updated in the event of relevant, risk-changing incidents.

Art. 22b⁶¹*Simplified due diligence*

- 1) If the persons subject to due diligence have identified a minor risk with reference to money laundering, organised crime and terrorist financing as referred to in Art. 10 of the Act, the confirmation on the copy of the supporting document as referred to in Art. 10 (2) may be dispensed with, provided that the identification and verification of identity is guaranteed through other measures taken. The other measures referred to in Annex 1 Section B of the Act are not affected.
- 2) If the persons subject to due diligence have identified a minor risk with reference to money laundering, organised crime and terrorist financing as referred to in Art. 10 of the Act, and if the contracting party is a natural person, the written declaration of the contracting party in respect of the identity of the beneficial owner in accordance with Art. 11 may be dispensed with. In such cases the identity of the beneficial owner must be verified in another appropriate way.

⁵⁹ Heading before Art. 22a amended by LGBL 2017 no. 215.

⁶⁰ Art. 22a inserted by LGBL 2017 no. 215.

⁶¹ Art. 22b inserted by LGBL 2017 no. 215.

3) In the case of units of undertakings for collective investment that meet the requirements of Directive 2009/65/EC or Directive 2011/61/EU and that have been subscribed or are held by legal entities as defined in Art. 3 (1) f) or g), who are or were acting as a direct contracting party in their own name, but for the account of third parties, the obligation referred to in Art. 6 (1) and Art. 7 (1) and (2) of the Act shall have been met, if the person subject to due diligence:⁶²

- a) verifies the identity of the subscribing institution from a unit register or a subscription certificate;
- b) by adopting a risk-based approach, takes measures to make certain that on the basis of the customer, product and country risk assessment, the risk with reference to money-laundering, organised crime and terrorist financing is minor; and
- c) examines the internal control and supervisory measures of the subscribing institution, in order to make certain that the subscribing institution performs appropriate due diligence measures, adopting a risk-based approach, in respect of its own customers as set out in Art. 5 (1) of the Act.

3a) (3) shall not apply to investment undertakings subject to the Investment Undertakings Act.⁶³

3b) The FMA may provide more specific details concerning the application of (3) in a directive.⁶⁴

4) The persons subject to due diligence referred to in Art. 3 (1) a) of the Act may in the case of a lawyer or a firm of lawyers authorised under the Liechtenstein Lawyers Act and legal agents as defined in Art. 108 of the Liechtenstein Lawyers Act be deemed to have performed the obligation referred to in Art. 7 (1) and (2) of the Act, if the lawyer or legal agent confirms in a declaration made in writing that the accounts or deposits exist purely to serve one of the following purposes:

- a) settlement and, if applicable, short-term investment in association therewith of advance payments on court costs, security deposits, taxes and duties payable under public law (identified for example as "Advance payments on court costs, security deposits, taxes and duties payable under public law");

⁶² Art. 22b (3) Introductory sentence amended by LGBl. 2017 no. 353.

⁶³ Art. 22b (3a) inserted by LGBl. 2017 no. 353.

⁶⁴ Art. 22b (3b) inserted by LGBl. 2017 no. 353.

- b) deposit and, if applicable, investment in association therewith of assets from a pending inheritance distribution or execution of a will (identified for example as "Deceased estate" or "Inheritance distribution");
- c) deposit/investment of assets from a pending division of property in a divorce or separation (identified for example as "Division of property divorce");
- d) security deposit/investment of assets in civil-law or public-law matters (identified for example as "Blocked deposit share purchase", "Security deposit contractor's deposit", "Security deposit real estate gains tax");
- e) security deposit/investment of assets in civil-law or public-law matters before ordinary courts or arbitration tribunals and in proceedings of enforcement law (identified for example as "Advances", "Provision of security bail bonds", "Bankruptcy estate", "Arbitration tribunal proceedings").

5) The person subject to due diligence shall label the accounts and deposits referred to in (4) appropriately.

Art. 23⁶⁵

Enhanced due diligence in respect of politically exposed persons

Persons subject to due diligence must apply enhanced due diligence on a continual basis in respect of business relationships with politically exposed persons. The FMA shall provide more specific regulations in a directive.

Art. 23a⁶⁶

States with strategic deficiencies

States with strategic deficiencies as defined in Art. 2 (1) u) of the Act are listed in Annex 4.

⁶⁵ Art. 23 amended by LGBL 2017 no. 215.

⁶⁶ Art. 23a amended by LGBL 2017 no. 215.

E. Delegation and outsourcing of due diligence and global monitoring⁶⁷

Art. 24

Delegation of due diligence

1) If the person subject to due diligence assigns the identification and verification of the identity of the contracting party or the beneficial owner, or the drawing up of the business profile to a delegate as referred to in Art. 14 (1) of the Act:

- a) the person subject to due diligence shall ensure that the delegate obtains or issues the documents and information in accordance with the provisions of the Act and this Ordinance, and transmits them immediately to the person subject to due diligence in the Principality of Liechtenstein, together with a note on the identity of the person conducting the identification and verification; and
- b) the delegate shall confirm by his signature that:⁶⁸
 1. the copies produced in connection with the identification and verification process conform to the originals or authenticated copies; and
 2. the written declaration required in connection with the identification and verification of the identity of the beneficial owner has been obtained from the contracting party or a person authorised by that party.

2) The delegation shall be documented.

3) The delegate is not permitted to sub-delegate.⁶⁹

4) A person subject to due diligence as referred to in Art. 3 (1) a) to i) of the Act satisfies the requirements stated in Art. 14 (1) a) or b) nos. 1 and 2 of the Act and (1) by its strategies and procedures applied on a group-wide basis pursuant to Art. 16 of the Act, if the following requirements are met:⁷⁰

- a) the person subject to due diligence uses information from a delegate who is a member of the same group;

⁶⁷ Heading before Art. 24 inserted by LGBL 2017 no. 215.

⁶⁸ Art. 24 (1) b) amended by LGBL 2017 no. 215.

⁶⁹ Art. 24 (3) amended by LGBL 2017 no. 215.

⁷⁰ Art. 24 (4) inserted by LGBL 2017 no. 215.

- b) the due diligence measures, recording duties and undertakings in respect of internal organisation applied in this group are consistent with Directive (EU) 2015/849, the Due Diligence Act and this Ordinance or an equivalent regulation; and
- c) the effective implementation of the requirements mentioned under b) is monitored at group level by the competent authority of the home Member State or the third country.

5) In the cases set out in (4) the persons subject to due diligence may use copies of the documents obtained within the group for the determination and verification of the identity of the contracting party and the beneficial owner as referred to in Art. 5 (1) a) and b) of the Act.⁷¹

Art. 24a⁷²

Outsourcing

1) Provided that the fulfilment of the obligations under this Act and this Ordinance is guaranteed, the monitoring of the business relationship to a degree that is commensurate with the risks involved in accordance with Art. 5 (1) d) of the Act, may be undertaken exclusively by outsourcing service providers for the persons subject to due diligence, if;

- a) the outsourcing arrangement is based on a written contract;
- b) the outsourcing provider:⁷³
 - 1. is another person subject to due diligence in accordance with the Act; or
 - 2. is a natural or legal person domiciled in another EEA Member State or third country pursuant to Art. 14 (1) b) of the Act;
- c) it is contractually guaranteed that the outsourcing service provider is subject to the relevant internal instructions of the person subject to due diligence for the performance of these operations, without reservation or restriction; the person subject to due diligence must also have a direct, unrestricted right of instruction over the outsourcing service provider with reference to the performance of risk-appropriate monitoring;
- d) it is contractually established that the following documents are to be transmitted to the person subject to due diligence located in the Principality of Liechtenstein, at least once a quarter:⁷⁴

⁷¹ Art. 24 (5) inserted by LGBL 2017 no. 215.

⁷² Art. 24a inserted by LGBL 2013 no. 43.

⁷³ Art. 24a (1) b) amended LGBL 2017 no. 215.

1. documents showing all transactions and the asset situation; and
 2. the documentation in respect of the simple investigations conducted pursuant to Art. 9 (3) of the Act;
- e) the person subject to due diligence is contractually granted a full, unimpeded right of inspection and examination at all times. The outsourcing service provider shall undertake to transmit the relevant files to the person subject to due diligence located in the Principality of Liechtenstein immediately at the latter's request;
- f) in cases in which it conducts special investigations as referred to in Art. 9 (4) of the Act and/or produces suspicious activity reports as referred to in Art. 17 of the Act, the outsourcing service provider is contractually obliged to transmit the relevant documents immediately to the person subject to due diligence in the Principality of Liechtenstein;
- g) the outsourcing service provider does not delegate the tasks assigned to it to a third party.

1a) Provided that the fulfilment of the obligations under the Act and this Ordinance can be guaranteed, the identification and the verification of the identity of the contracting party and the beneficial owner and the production of the business profile in accordance with Art. 5 (1) a) to c) of the Act may be carried out by outsourcing service providers for the person subject to due diligence, if:⁷⁵

- a) the outsourcing arrangement is based on a written contract;
- b) it is contractually guaranteed that the outsourcing service provider is subject to the relevant internal instructions of the person subject to due diligence for the performance of these operations, without reservation or restriction; the person subject to due diligence must also have a direct, unrestricted right of instruction over the outsourcing service provider with reference to the identification and verification of the identity of the contracting party and the beneficial owner, and the production of the business profile;
- c) it is contractually guaranteed that the outsourcing service provider will obtain or issue the documents and information in accordance with the provisions of the Act and this Ordinance and immediately transmit them to the person subject to due diligence located in the Principality of Liechtenstein, together with a note on the identity of the person performing the identification and verification;

⁷⁴ Art. 24a (1) d) amended by LGBL 2017 no. 215.

⁷⁵ Art. 24a (1a) inserted by LGBL 2015 no. 77.

- d) the outsourcing service provider does not delegate the tasks assigned to it to a third party; and⁷⁶
- e) the outsourcing service provider is not based in a state with strategic deficiencies as referred to in Art. 2 (1) u) of the Act.⁷⁷

2) Even if tasks are outsourced, the person subject to due diligence in the Principality of Liechtenstein shall remain responsible for compliance with the due diligence obligations.

3) The supervisory authority may prohibit the person subject to due diligence from outsourcing the risk-appropriate monitoring operation, the identification and verification of the identity of the contracting party and the beneficial owner, and the production of the business profile, or from continuing with such outsourcing arrangements.⁷⁸

3a) Repealed⁷⁹

4) The guidelines concerning the outsourcing of business set out in Annex 6 of the Banking Ordinance are reserved.

Art. 25

Global monitoring

1) Persons subject to due diligence as referred to in Art. 3 (1) a) to i) of the Act shall for the purpose of monitoring the risks associated with money laundering, organised crime and financing of terrorism as referred to in Art. 16 of the Act, ensure in particular that:⁸⁰

- a) where it proves necessary, the internal audit department and the external auditors of the group have access to information on individual business relationships in all group companies. A central database of the contracting parties and the beneficial owners will not be required at group level, nor will it be necessary for the internal supervisory bodies of the group to have central access to local databases; and
- b) the companies of the group provide the competent bodies of the group with the information that is essential for the global monitoring of the risks associated with money laundering, organised crime and the financing of terrorism.

⁷⁶ Art. 24a (1a) d) amended by LGBL 2017 no. 215.

⁷⁷ Art. 24a (1a) e) inserted by LGBL 2017 no. 215.

⁷⁸ Art. 24a (3) amended by LGBL 2017 no. 215.

⁷⁹ Art. 24a (3a) repealed by LGBL 2017 no. 215.

⁸⁰ Art. 25 (1) introductory sentence amended by LGBL 2017 no. 215.

2) Persons subject to due diligence as referred to in Art. 3 (1) a) to i) of the Act forming part of a domestic or foreign group, shall grant the internal audit department and the external auditors of the group access to information about specific business relationships if required, if this is necessary for the global monitoring of the risks associated with money laundering, organised crime and terrorist financing.⁸¹

3) Repealed⁸²

III. Reporting obligation

Art. 26

Reporting to the Financial Intelligence Unit

1) The report referred to in Art. 17 (1) of the Act shall contain all information that is required to enable the Financial Intelligence Unit to assess the situation.

2) The Financial Intelligence Unit shall confirm receipt of the suspicious activity report in writing.⁸³

3) The Financial Intelligence Unit may issue directions for the production of reports and a standard reporting form.⁸⁴

4) The indicators of money laundering, organised crime and financing of terrorism are listed in Annex 3.⁸⁵

⁸¹ Art. 25 (2) amended by LGBL 2017 no. 215.

⁸² Art. 25 (3) repealed by LGBL 2017 no. 215.

⁸³ Art. 26 (2) amended by LGBL 2016 no. 101.

⁸⁴ Art. 26 (3) amended by LGBL 2013 no. 287.

⁸⁵ Art. 26 (4) inserted by LGBL 2017 no. 215.

IV. Documentation and internal organisation

Art. 27

Due diligence files

1) The due diligence files shall contain, in particular, the records and vouchers issued and consulted in order to comply with the provisions of the Act and this Ordinance. They must specifically contain:

- a) the documents and records that have been used to identify and verify the identity of the contracting party and the beneficial owner;
- a^{bis}) in the case referred to in Art. 3 (1) d) to i), (3) and (4), proof that the necessary conditions for these provisions to apply have been met;⁸⁶
- b) the business profile referred to in Art. 8 of the Act;
- c) the documentation concerning any investigations conducted in accordance with Art. 9 of the Act and all documents, records and vouchers consulted in this connection;
- c^{bis}) the reason for the application of simplified or enhanced due diligence pursuant to Art. 10 and 11 of the Act.⁸⁷
- d) records with details of transactions and if applicable, the asset value; and
- e) any reports to the Financial Intelligence Unit in accordance with Art. 17 (1) of the Act.

2) The documents and records referred to in (1) a) and b) are customer-related records and vouchers, while those referred to in (1) c) to e) are transaction-related records and vouchers in the meaning of Art. 20 (1) of the Act.

Art. 28

Creation, storage and access⁸⁸

1) The due diligence files shall be set up and stored in such a way that:

- a) the required duties of due diligence can be discharged at all times;

⁸⁶ Art. 27 (1) abis) inserted by LGBL 2017 no. 215.

⁸⁷ Art. 27 (1) cbis) inserted by LGBL 2017 no. 215.

⁸⁸ Art. 28 heading amended by LGBL 2013 no. 43.

- b) they enable third parties with specialist qualifications to make a reliable judgement concerning compliance with the provisions of the Act and this Ordinance; and
- c) requests from competent domestic authorities and courts, auditors, audit and supervisory bodies can be met in full within a reasonable timescale.

2) The due diligence files may be stored in writing, electronically or in another similar format, if:

- a) conformity with the underlying documents can be guaranteed;
- b) they are accessible at all times; and
- c) they can be presented in a readable form at any time.

3) The integrity and legibility of the image and data storage media held in the meaning of (2) shall be subject to regular checks.

4) The examination of the records may not be more onerous or take up more time than the examination of the underlying documents.

5) The due diligence files shall be held at a storage site in Liechtenstein that is accessible at all times.

6) The officer responsible for due diligence compliance, the investigating officer and the responsible member of the executive body referred to in Art. 22 (1) of the Act are to be given access to the due diligence files at any time to enable them to perform their duties.⁸⁹

Art. 29

*Electronic records*⁹⁰

1) If electronic records are kept, they must contain the following information:⁹¹

- a) names of the persons responsible for record-keeping;
- b) nature and scale of the documents recorded;
- c) place and date of recording;
- d) any damage to the documents and the image or data storage media noted in the course of recording or storage.

⁸⁹ Art. 28 (6) amended by LGBL 2017 no. 215.

⁹⁰ Art. 29 Subject heading amended by LGBL 2017 no. 215.

⁹¹ Art. 29 (1) introductory sentence amended by LGBL 2017 no. 215.

2) The records shall be checked for errors immediately upon completion of the recording; if any errors are noted the recording process must be repeated.

Art. 30⁹²

Repealed

Art. 31

Internal instructions

1) The persons subject to due diligence shall issue internal instructions setting out how the obligations arising from the Act and this Ordinance are to be met in practice, and ensure that all employees involved in the business relationships are aware of them.

2) The instructions shall regulate, in particular:

- a) the duties, responsibility, competence and hierarchical status of the internal functions referred to in Art. 22 of the Act;
- b) the contents, maintenance the storage of the due diligence files; specific rules governing organisation, competence and technical procedures shall be required in particular for electronic recording and reproduction;
- c) the procedure for ensuring the identification and verification of the identity of the contracting parties and beneficial owners and for ensuring the business relationships are monitored is carried out;
- c^{bis}) the procedure for ensuring the business profile is updated;⁹³
- d) the approach to be adopted by employees in the circumstances or transactions referred to in Art. 9 (2) to (4) of the Act, in particular the procedure for notification of the compliance officer and the procedure to be adopted in reporting to the Financial Intelligence Unit;
- e) the factors they apply to determine risks pursuant to Art. 9a (1) and (2) of the Act and Art. 22a of this Ordinance;⁹⁴
- f) the control and supervisory measures as referred to in Art. 9a (5) of the Act they apply to counter the risks identified;⁹⁵

⁹² Art. 30 repealed by LGBl. 2017 no. 215.

⁹³ Art. 31 (2) cbis) inserted by LGBl. 2017 no. 215.

⁹⁴ Art. 31 (2) e) amended by LGBl. 2017 no. 215.

⁹⁵ Art. 31 (2) f) amended by LGBl. 2017 no. 215.

- g) the cases in which the executive body must be informed;⁹⁶
 - h) the main features of the training and development of the employees involved in the business relationships;⁹⁷
 - i) the commercial policy towards politically exposed persons and the risk management system used to ascertain whether a politically exposed person is involved in a business relationship; and
 - k) appropriate testing procedures to be used in the recruitment of new employees in order to guarantee high standards with reference to their reliability and integrity. This may also be documented in other appropriate internal documents.⁹⁸
- 3) The instructions are to be issued at executive level.⁹⁹

Art. 32¹⁰⁰

Training and development

The persons subject to due diligence shall make provision for on-going, comprehensive training and development of the employees involved in the business relationships. This shall include instruction on the regulations for the prevention and combating of money laundering, predicate offences to money laundering, organised crime and the financing of terrorism as well as instruction in data protection law, in particular:

- a) the obligations arising from the Act and this Ordinance;
- b) the relevant provisions of the Criminal Code;
- c) the internal instructions referred to in Art. 31;
- d) information that will enable the employees to recognise transactions that are possibly connected with money laundering, organised crime or terrorist financing and to act correctly in such cases;
- e) the relevant provisions of data protection legislation.

⁹⁶ Art. 31 (2) g) amended by LGBL 2017 no. 215.

⁹⁷ Art. 31 (2) h) amended by LGBL 2017 no. 215.

⁹⁸ Art. 31 (2) k) amended by LGBL 2017 no. 215.

⁹⁹ Art. 31 (3) amended by LGBL 2017 no. 215.

¹⁰⁰ Art. 32 amended by LGBL 2017 no. 215.

Art. 33¹⁰¹*Duties of the contact person*

1) The contact person shall provide the contact between the person subject to due diligence and the supervisory authority.

2) The supervisory authority is to be informed immediately of the appointment and/or replacement of the contact person.

Art. 34¹⁰²*Duties of the officer responsible for due diligence compliance*

The compliance officer shall:

- a) support and advise the executive body in the implementation of the due diligence legislation and the structure of the internal organisation required in order to comply with the legislation, without taking over the executive responsibility;
- b) draft the internal instructions (Art. 31);
- c) plan and monitor the internal training and development of employees involved with the business relationships (Art. 32); and
- d) draft a report on his or her activities over the preceding year by the end of March of each year. This activity report shall be communicated to the FMA on request.¹⁰³

Art. 35

Duties of the investigating officer

1) The investigating officer shall ensure compliance with the Act, this Ordinance and the internal instructions. He shall conduct internal inspections to achieve this. He shall check in particular, whether:

- a) the required records are properly drawn up and stored;
- b) the records referred to in a) confirm that the obligations of due diligence are being met;
- c) any reporting obligation has been duly met; and

¹⁰¹ Art. 33 amended by LGBl. 2017 no. 215.

¹⁰² Art. 34 amended by LGBl. 2017 no. 215.

¹⁰³ Art. 34 d) amended by LGBl. 2017 no. 353.

d) any requests from competent domestic authorities can be met in full within a reasonable timescale.¹⁰⁴

2) The investigating officer shall draft a report on the inspections conducted regarding the preceding year by the end of March of each year and forward this to the executive management and the compliance officer. This report is to be communicated to the FMA on request.¹⁰⁵

Art. 36¹⁰⁶

Specific provisions for compliance officers, investigating officers and members of the executive body

1) The compliance officer, the investigating officer and the responsible member of the executive body as referred to in Art. 22 (1) of the Act must have an in-depth knowledge in matters of the prevention and combating of money laundering, predicate offences to money laundering, organised crime and terrorism financing as well as data protection law, and be familiar with the current developments in those fields.

2) Sufficient powers shall be granted to the responsible member of the executive body.

3) The duties of the compliance officer and the investigating officer may also be delegated to appropriately qualified internal or external individuals or specialist units.

4) Even if functions are delegated, compliance officers and investigating officers shall remain responsible for the proper performance of their functions.

5) The supervisory authority shall be notified immediately of any appointment of or change in the officers referred to in (1).

¹⁰⁴ Art. 35 (1) d) amended by LGBL 2017 no. 215.

¹⁰⁵ Art. 35 (2) amended by LGBL 2017 no. 353.

¹⁰⁶ Art. 36 amended by LGBL 2017 no. 215.

V. Oversight

A. Risk-based oversight¹⁰⁷

Art. 37¹⁰⁸

Risk profile

1) In the preparation of the risk profile pursuant to Art. 23a (2) of the Act, the supervisory authority shall pay particular attention to the following factors. An overall understanding of all factors is essential to the risk assessment in all cases:

- a) the products and services offered by the person subject to due diligence;
- b) size of the person subject to due diligence in terms of:
 1. the number of employees involved in business relationships; and
 2. the number of business relationships (balance, new and terminated) as defined in Art. 2 (1) c) of the Act;
- c) number of business relationships subject to simplified due diligence in accordance with Art. 10 of the Act, including information on the nature of the minor risks;
- d) number of business relationships subject to enhanced due diligence in accordance with Art. 11 of the Act, including information on the nature of the heightened risks;
- e) nationality and number of politically exposed persons as defined in Art. 2 (1) h) and referred to in Art. 11 (4) of the Act, with whom business relationships are maintained;
- f) number of business relationships in which the members of the executive body have been identified as beneficial owners pursuant to Art. 3 (1) a) no. 2;
- g) number of business relationships as referred to in Art. 35a of the Act and the amount of the assets concerned;
- h) results of past inspections in accordance with Art. 24 and 25 of the Act, taking into account in particular:
 1. the form of the risk-appropriate monitoring performed pursuant to Art. 9 of the Act;

¹⁰⁷ Heading before Art. 37 amended by LGBL 2017 no. 215.

¹⁰⁸ Art. 37 amended by LGBL 2017 no. 215.

2. the risk assessment of the person subject to due diligence in accordance with Art. 9a of the Act;
 3. the structure of the internal organisation pursuant to Art. 21 and 22 of the Act;
 4. the nature and number of objections, violations and measures to restore the lawful state of affairs in accordance with Art. 40; and
 5. the reports referred to in Art. 34 and 35 on the activities of the compliance officer and the investigating officer;
- i) supervisory measures as referred to in Art. 28 of the Act;
 - k) offences and infringements as referred to in Art. 30 of the Act;
 - l) administrative offences as referred to in Art. 31 of the Act;
 - m) sector risk, defined by the national risk analysis pursuant to Art. 29c of the Act.

2) For banks and branches of foreign banks, the following factors are to be taken into account in addition to the factors mentioned in (1):

- a) the respective overall volume of cash receipts and payments and non-cash inward and outward payments per year, taking into account the domicile or registered office of the contracting party;
- b) domicile of the effective contributors and/or beneficial owners as defined in Art. 2 (1) e) of the Act in connection with Art. 3 (1) a) no. 1 and b) no. 1 of this Ordinance;
- c) number and nature of the business relationships as referred to in Art. 13 of the Act;
- d) number of business relationships as referred to in Art. 35 of the Act and amount of the assets concerned;
- e) amount of customer assets under management according to the domicile or registered office of the contracting party; and
- f) number of business relationships with funds and total value of the assets contained therein.

3) For persons subject to due diligence referred to in Art. 3 (1) d) of the Act, the following factors are to be taken into account in addition to the factors mentioned in (1):

- a) number of life assurance policies with one-off premiums and their proportion in relation to the total premium volume;
- b) number of life assurance policies with illiquid assets;
- c) number of (partial) redemptions per year and their total value;

- d) number of changes in the policy holder in existing life assurance policies per year; and
- e) domicile of natural persons as referred to in Art. 3 (1) c).

4) For persons subject to due diligence referred to in Art. 3 (1) k) of the Act the following factors are to be taken into account in addition to the factors mentioned in (1):

- a) domicile of the effective contributors and/or beneficial owners as defined in Art. 2 (1) e) of the Act in connection with Art. 3 (1) a) no. 1 and b) no. 1 of this Ordinance;
- b) number of business relationships with bearer instruments;
- c) number of business relationships in which external natural or legal persons have individual signing power with the bank or joint signing authority between themselves; and
- d) number of business relationships in which external natural or legal persons have individual signing power at executive level or joint signing authority between themselves.

5) For persons subject to due diligence referred to in Art. 3 (1) l) of the Act the following factors are to be taken into account in addition to the factors mentioned in (1):

- a) number of occasional transactions transacted in the past calendar year in accordance with Art. 135 of the Gambling Ordinance;
- b) number of occasional transactions subject to simplified due diligence in accordance with Art. 10 of the Act, including information concerning the nature of the minor risks; and
- c) number of occasional transactions subject to enhanced due diligence in accordance with Art. 11 of the Act, including information concerning the nature of the heightened risks.

6) For agents as referred to in Art. 3 (2) of the Act, of persons subject to due diligence as referred to in Art. 3 (1) b) and h) of the Act the following factors are to be taken into account in addition to the factors mentioned in (1):

- a) number of business relationships and occasional transactions subject to simplified due diligence in accordance with Art. 10 of the Act, including information concerning the nature of the minor risks;
- b) number of business relationships and occasional transactions subject to enhanced due diligence in accordance with Art. 11 of the Act, including information concerning the nature of the heightened risks; and

c) the total volume of inward payments according to country of origin and outgoing payments according to recipient country.

7) For persons subject to due diligence as referred to in Art. 3 (3) of the Act the number of business relationships (balance, new and terminated) as referred to in Art. 2 (1) c) of the Act and the number of occasional transactions as referred to in Art. 2 (1) d) and Art. 5 (2) b), e) and g) of the Act are to be taken into account.

8) The supervisory authority may use data and information concerning persons subject to due diligence that is already available in order to produce the risk profile.

9) It shall re-evaluate and record the risk profile on a regular basis.

10) It shall provide the mandated auditors, audit companies and audit offices subject to special legislation with the information relevant to the performance of inspections as referred to in (1) to (7) in good time.

11) The FMA shall establish more specific details in a notice.

Art. 37^{a109}

Risk-based standard inspections

1) Standard inspections by mandated auditors and audit companies are to be performed according to the following schedule:

- a) for banks and persons subject to due diligence referred to in Art. 3 (1) d) of the Act: annually;
- b) for persons subject to due diligence referred to in Art. 3 (1) k) of the Act: every three years; and
- c) for investment firms and persons subject to due diligence referred to in Art. 3 (1) b), c), e) to i), l), n), p) and q) of the Act, and branches of foreign banks: every four years.

2) In individual cases the supervisory authority may deviate from the frequency of inspections listed in (1), depending on the individual risk.

3) The frequency of the standard inspections to be conducted by the supervisory authority is governed by the risk presented by the person subject to due diligence referred to in Art. 37. The supervisory authority shall establish its annual inspection schedule for the standard inspections,

¹⁰⁹ Art. 37a inserted by LGBL 2017 no. 215.

depending on the individual risk presented by the persons subject to due diligence.

4) The scope of the standard inspections referred to in (1) and (3) is determined by the risk presented by the person subject to due diligence.

5) The supervisory authority may establish priorities for the performance of standard inspections.

6) The supervisory authority may establish more specific rules in a directive.

Art. 37b¹¹⁰

Reporting obligation and duty of disclosure

1) In order to facilitate the risk-based oversight the persons subject to due diligence shall communicate the data and information referred to in Art. 37 (1) a) to g) and (2) to (7) every year, as follows:

- a) to the FMA through an electronic reporting system that the latter will provide;
- b) the Bar Association using a notification form that the latter will provide.

2) Persons subject to due diligence referred to in Art. 3 (3) of the Act shall report the data and information referred to in Art. 37 (7) as specified below:

- a) The reporting period shall refer to the past calendar year.
- b) Insofar as no business relationships were managed or no occasional transactions were transacted during a calendar year, a nil-return must be recorded.
- c) The supervisory authority may request further information as defined in Art. 37 (1) and (4) from persons subject to due diligence referred to in Art. 3 (3) of the Act.

3) The communication referred to in (1) shall be made by 31st March of the respective year. The communication shall record the position as at 31st December of the respective previous year.

4) In individual cases the supervisory authority may individually adjust the frequency of the communications referred to in (1). Such an

¹¹⁰ Art. 37b inserted by LGBL 2017 no. 215.

adjustment may only be considered if the risk presented by a person subject to due diligence is clearly higher or lower than the sector risk.

5) If persons subject to due diligence referred to in Art. 3 (3) of the Act who hold a relevant license under the Business Act terminate their operations, they shall inform the FMA immediately in writing.

B. Inspections¹¹¹

Art. 38¹¹²

Basis for inspections

The inspections referred to in Art. 24 and 25 of the Act shall be based on the following, in particular:

- a) the due diligence files referred to in Art. 20 of the Act;
- b) the report of the due diligence compliance officer and the investigating officer referred to in Art. 34 d) and Art. 35 (2);
- c) the internal instructions referred to in Art. 21 (1) of the Act;
- d) the risk assessment referred to in Art. 9a of the Act; and
- e) the list of the active business relationships recorded during the inspection period, on which the respective risk allocation is based.

Art. 39

Formal and material inspections

1) The formal inspections involve verification whether the data and records required by law have been produced in full. This will involve a compliance audit to monitor compliance with the documentation and storage obligations referred to in Art. 20 of the Act.

2) The material inspection shall consist of an evaluation of the substance of the due diligence measures taken. It will therefore involve a plausibility check and a review of the system. In particular an evaluation shall be made as to whether:

¹¹¹ Heading before Art. 38 inserted by LGBL 2017 no. 215.

¹¹² Art. 38 amended by LGBL 2017 no. 215.

- a) appropriate organisational measures as referred to in Art. 21 of the Act have been taken;
- b) the due diligence obligations set out in the Act and this Ordinance have been complied with in substance, in particular, whether the information and reports contained in the due diligence files can be extrapolated in a plausible manner;
- c) in the light of the results of the investigations conducted, the reporting obligation referred to in Art. 17 (1) of the Act has been complied with;¹¹³
- d) any circumstances exist that would jeopardise smooth business operations and proper conduct of business in the meaning of the Act;
- e) the risk assessment meets the requirements of the stipulations referred to in Art. 9a (1) to (4) and (6) of the Act;¹¹⁴
- f) the internal inspection and supervisory measures pursuant to Art. 9a (5) of the Act have been properly and effectively implemented;¹¹⁵
- g) the simplified and enhanced due diligence meets the requirements of Art. 10 and 11 of the Act.¹¹⁶

Art. 40

Inspection report

1) The inspection report shall contain as a minimum:

- a) information concerning objections;
- b) any contravention of the provisions of the Act and this Ordinance;
- c) the measures prescribed in order to restore legal compliance; and
- d) an assessment of whether, in the light of the inspection results, smooth operation of business and proper conduct of business in the meaning of the Act appear to be guaranteed.

2) Repealed¹¹⁷

¹¹³ Art. 39 (2) c) amended by LGBL 2017 no. 215.

¹¹⁴ Art. 39 (2) e) inserted by LGBL 2017 no. 215.

¹¹⁵ Art. 39 (2) f) inserted by LGBL 2017 no. 215.

¹¹⁶ Art. 39 (2) g) inserted by LGBL 2017 no. 215.

¹¹⁷ Art. 40 (2) repealed by LGBL 2017 no. 215.

Art. 41

Retention

1) The working papers produced in the course of the inspection and all documents and data media associated with them are to be kept in safekeeping in Liechtenstein, in a way that will ensure that requests from competent domestic authorities can be met within a reasonable timescale.

2) The working papers, documents and data media are to be retained for ten years from completion of the relevant inspections.

**C. Mandated auditors, auditing companies and audit offices
subject to special legislation ¹¹⁸**

Art. 42¹¹⁹*Conditions*

1) Proof of participation in external training and development as referred to in Art. 26 (1) c) of the Act for at least one half-day per calendar year must be provided. This must include the communication of the knowledge referred to in Art. 32 a), b), d) and e).

2) The audit company or audit office subject to special legislation shall appoint one or more auditor who will have primary responsibility for the performance of inspections.

3) Auditors referred to in (2) must possess the required skills for the performance of inspections and must be authorised by the FMA. The FMA shall establish more specific details concerning the required skills in a notice.

¹¹⁸ Heading before Art. 42 amended by LGBl. 2017 no. 215.

¹¹⁹ Art. 42 amended by LGBl. 2017 no. 215.

VI. Final provisions

Art. 43

Repeal of existing law

The following are repealed:

- a) Ordinance of 11th January 2005 to the Due Diligence Act (Due Diligence Ordinance, SPV), LGBL. 2005 no. 6;
- b) Decree of 22nd February 2005 concerning the amendment of the Legal Gazette 2005 no. 6, LGBL. 2005 no. 47.

Art. 44

Entry into force

This Ordinance shall come into effect at the same time as the Due Diligence Act of 11th December 2008.

signed. *Otmar Hasler*
Head of the Princely Government

Annex 1¹²⁰

(Art. 3 (3) and Art. 11a (2))

Forms for the identification of beneficial owners referred to in Art. 3 (1) a) and b) SPV

A. Form for the identification of the ultimate beneficial owner of legal entities referred to in Art. 3 (1) a) SPV (Form C)

Legal entity / account-holder:

Mandate number/ account number:

The following person has been identified as beneficial owner in accordance
with Art. 3 (1) a) SPV:

- a natural person who directly or indirectly ultimately holds or controls a share or voting rights amounting to 25% or more in this legal entity or has a share of 25% or more in its profit
- a natural person who ultimately exercises control over this legal entity in another way
- a natural person who is a member of the executive body, if - after exhausting all alternatives and provided there are no grounds for suspicion - no such person as mentioned above has been identified

Name

Forename

Date of birth

Nationality

Home address

Postcode/Town.....

State of Residence.....

Place/Date:

For the contracting party:

Name(s) of the signatory(ies):

Deliberately providing false information on this form is a punishable offence under the Liechtenstein Criminal Code. The person subject to due diligence is to be informed of any amendments immediately. If a member of the executive body is identified as beneficial owner, it is confirmed by the signature of the undersigned that the investigations conducted have not revealed any circumstances that would lead to the conclusion that the parties concerned are beneficial owners through the holding, in particular the indirect holding of shares, voting rights or profit-sharing rights or by control in another way.

B. Form for the identification of the ultimate beneficial owner of legal entities referred to in Art. 3 (1) b) SPV (Form T)

Legal entity/account holder:

.....

Mandate number/account number:

.....

The following person has been identified as beneficial owner in accordance with Art. 3 (1) b) SPV:

- a natural person who is an effective, non-fiduciary sponsor, founder or settlor
- a natural or legal person who is a member of the foundation board or board of directors and/or of the trustee
- a natural person who is a protector or person in a similar or equivalent function
- a natural person who is a beneficiary
- a natural person who ultimately controls the legal entity through direct or indirect ownership rights or in any other way
- a legal entity¹, who is a beneficiary and meets the requirements stated in Art. 2 (1) b) SPG. The appropriate proof is to be provided by the contracting party.

Name of the natural person / Company name of the legal entity¹

Forename*

Date of birth/Date of establishment

Nationality*

Home address/Domicile address

Postcode/Town

State of residence/country of domicile

- a legal entity organised on a discretionary basis, that has been established or is operated primarily in the interests of the following group of persons:

Place/Date:

For the contracting party:

Name(s) of the signatory(ies):

¹ The entry of a legal entity is only sufficient in the case of:

- a legal person who is a member of the foundation board or board of directors, or trustee;
- beneficiaries, in respect of whom the contracting party provides proof that a legal entity as defined in Art. 2 (1) b) SPG is concerned in this case.

Fields marked * are only to be completed for natural persons.

Deliberately providing false information on this form is a punishable offence under the Liechtenstein Criminal Code. The person subject to due diligence is to be informed of any amendments immediately.

Annex 2¹²¹
(Art. 11a (3))

**Form for recording the identity of the recipients of
the distribution of legal entities organised on a
discretionary basis referred to in Art. 7a SPG
(Form D)**

Distributing legal entity/account holder:

Mandate number/account number:

- Distribution to a natural person or a legal entity*, that does not meet the requirements of Art. 2 (1) b) SPG.

The following natural person has been identified as a recipient of the distribution:

Name

Forename

Date of birth

Nationality

Home address

Postcode/Town

State of residence

- Distribution to a legal entity having exclusively charitable or non-commercial objectives as defined in Art. 2 (1) b) SPG, that are of benefit to the community and which are verifiably exempt from income tax in their state of residence. The evidence is to be provided by the contracting party.

The following legal entity has been identified as recipient of the distribution pursuant to Art. 2 (1) b) SPG:

Company name of the legal entity

¹²¹ Annex 2 amended by LGBL 2017 no. 215.

Postcode/Town

Country of domicile

Currency and amount of the distribution:

Year in which the distribution is made:

Place/Date:

For the contracting party:

Name(s) of the signatory(ies):

Deliberately providing false information on this form is a punishable offence under the Liechtenstein Criminal Code. The person subject to due diligence is to be informed of any amendments immediately.

* State the natural persons who are deemed to be beneficial owners of the legal entity pursuant to Art. 3 SPV.

Annex 3¹²²
(Art. 26 (4))

Indicators of money laundering, organised crime and financing of terrorism

I. Significance of the indicators

The indicators listed below are general indicators of money laundering, organised crime or financing of terrorism. They may give rise to investigations as referred to in Art. 9 of the Act. Taken in isolation, the individual criteria ought not generally arouse suspicions that would give rise to the reporting obligation referred to in Art. 17 (1) of the Act. The coincidence of several criteria or a lack of plausible explanations might however be a sign of money laundering, predicate offences to money laundering, organised crime or financing of terrorism and would therefore give rise to a reporting obligation.

Generalised statements from the customer (contracting party or beneficial owner) on the background to transactions that require clarification are not sufficient. It is important to emphasise here that it will not be possible to accept every customer explanation at face value. The person subject to due diligence shall verify the plausibility of each customer statement to the best of their ability. If the operation is plausible, this shall be recorded accordingly. If the investigations reveal that the transactions or circumstances are implausible, this will give rise to the reporting obligation referred to in Art. 17 of the Act.

The following list of indicators is not exhaustive.

II. General indicators

1. Transactions, in which the assets are withdrawn shortly after being deposited with the person subject to due diligence (transitory accounts and transactions).
2. Transactions or structures where it is difficult to understand why the customer has chosen precisely this person subject to due diligence or this office for his transactions.
3. Transactions that cause an account that had previously been largely dormant suddenly to become very active.

¹²² Annex 3 inserted by LGBL 2017 no. 215.

4. Transactions or structures that are inconsistent with the experience the person subject to due diligence has of the customer and the purpose of the business relationship.
5. Transactions or structures that are not financially plausible or where the contracting party takes no interest in the cost of processing the business transaction.
6. Lack of cooperation on the part of the customer in the identification and verification of the identity of the contracting party or the beneficial owner as referred to in Art. 5 (2) of the Act.
7. Unexpected or frequent change of beneficial owner.
8. Unexpected change in the person subject to due diligence.
9. Unexpected or frequent changes in the ability to contact the customer.
10. Customer deliberately supplies false or misleading information or refuses to supply the documents and information necessary for the business relationship and the information and documents that are customary for the business in question.
11. Customer receives transfers from a country having a notoriously high crime rate (e.g. extremely widespread corruption, terrorism and large-scale drug production) or arranges transfers in such a country.
12. Attempt by the customer to place the person subject to due diligence in a situation of dependency.
13. Clear discrepancy between performance and consideration, and purchase of assets by transfer of obviously lower-value assets.
14. Obvious attempt by the customer to avoid or refuse personal contact sought by the person subject to due diligence.
15. Business relationships with legal entities that are not registered in public registers or databases and from which no equivalent confirmatory documents as referred to in Art. 8 (2) SPV can be obtained.
16. In personal meetings customer is always accompanied by other persons whose function is not apparent and who are involved in the shaping of the business relationship.
17. The customer provides contact details which do not match the contact details (address, telephone number) of the customer at his permanent residence.
18. Large-scale project transactions where the major part of the funding is apparently to be secured by investors who are not specifically described in detail.

19. Customer requiring a significant amount of discretion that goes beyond what is usual in the industry.
20. Customer request to close accounts without leaving any trace in the documentation (paper trail) and to open new accounts in his name, in the name of his family members or in the name of persons who are otherwise known to be close associates of his.
21. Customer request for receipts for cash withdrawals or deliveries of securities which have not in actual fact been made or where the assets withdrawn have been immediately re-deposited with the same institution.
22. Customer request for payment orders to be executed where the payer's details have been stated incorrectly.
23. Customer request for certain payments to be routed through nostro accounts of the person subject to due diligence or "one-time" accounts, rather than through the customer's own accounts.
24. Request by the customer to accept or have documented loan guarantees which do not correspond to the financial reality or to grant fiduciary trust loans for which a fictitious guarantee is recorded.
25. Indicators of offences punishable in a court of law on the part of the customer in Liechtenstein or abroad.

III. Specific indicators

A. Cash transactions

1. Changing a substantial amount of bank notes (foreign and national) in small denominations into large denominations.
2. Exchange of significant amounts of money that are not recorded to a customer account.
3. Cashing cheques, including travellers cheques, for substantial amounts.
4. Purchase or sale of significant quantities of precious metals by occasional customers.
5. Purchase of banker's drafts on a significant scale by occasional customers.
6. Instructions for transfers abroad by occasional customers with no apparent legitimate reason.
7. Repeatedly conducting cash transactions for amounts just below the limit above which identification documentation is required.
8. Acquisition of bearer shares by means of physical delivery.

B. Bank accounts and custody accounts

1. Frequent withdrawals of large amounts of cash without any apparent justification in the customer's private or commercial business.
2. Recourse to financing methods commonly employed in international trade, but where the use of such financing practices is not consistent with the customer's known business.
3. Structure of a customer's business relationship with a bank that makes no commercial sense (large number of accounts with the same institution, frequent transfers between different accounts, excessive liquidity, etc.).
4. Granting of security by third parties who do not appear to be in a close relationship with the customer.
5. Attempt by the customer to effect transfers to another bank where the payer or payee details are incomplete.
6. Acceptance of transfers from other banks that do not indicate the name or the number of the account of the beneficiary or the payer.
7. Repeated transfers of large sums abroad with the instruction that the payee is to receive the funds in cash.
8. Granting security for loans between third parties that do not conform to market conditions.
9. Cash payments by a large number of different individuals to a single account.
10. Unexpected repayment of a non-performing loan.
11. Use of pseudonym or numbered accounts for the execution of commercial transactions for trading, business or industrial enterprises.
12. Withdrawal of assets, shortly after they have been credited to the account (transitory account).
13. Opening accounts using names similar to those of other companies with an intention to mislead.
14. Customer request to open several accounts with different core account numbers without a plausible reason.
15. Customer urgently insists on immediate execution of an unusual transaction.

C. Fiduciary transactions

1. Loans on a trust basis (back-to-back loans) with no identifiable, legally permissible purpose.

2. Holding in trust of investments in operating companies whose shares are not quoted on the stock exchange and to the activity of which the person subject to due diligence is not given access for inspection.
3. Individual signing powers in addition to the person subject to due diligence within the company structure or on company accounts.
4. Keeping expenses to a minimum by means of complex structures, where the costs cancel out the supposed benefit.
5. Real estate transactions conducted on a trust basis that are clearly below or above the market value of the property.

D. Insurance transactions

1. A business relationship is to be entered into with legal entities where no specific person is the beneficial owner.
2. Contracting party demands an individual guarantee declaration in addition to the insurance policy.
3. Policy-holder enquires about unusual payout options (cash payment, payment to account abroad), which cannot be explained by his or her circumstances (e.g. relocation of residence abroad).
4. Granting authority without any plausible reason to a person who is not in a sufficiently close relationship with the contracting party.
5. Issuing instructions to pay the sum insured to the beneficiary in cash.
6. Concluding several contracts in rapid succession with no plausible reason.
7. Customer urges for particularly rapid conclusion of a contract involving high amounts.
8. Customer enquires in advance about the possibility of cash payment for the premium of an insurance contract or the opportunities for paying insurance premiums via foreign accounts.
9. Interest on the part of the policy-holder in the option of premature cancellation or payout for no plausible reason.
10. Change in the stated payment method.
11. Overpayment of premiums, followed by an application for repayment to third parties or abroad.
12. Use of a large number of sources for payment of premiums.
13. Significant premium top-ups for one policy.

IV. Indicators of terrorism financing

1. Persons, businesses or organisations involved in the business relationship are affected by a sanction order under the Law on the Implementation of International Sanctions.
2. Receipt of several amounts from a large number of individuals.
3. Frequent drawing of small amounts in cash.
4. Transactions involving purported or unknown humanitarian organisations.
5. Frequent change of persons authorised to operate an account (contracting party, beneficial owner etc.).
6. Frequent change of account authority in favour of third parties.
7. Frequent change of residence, telephone number, authorised agents or erratically high rates of incoming and outgoing payments.
8. Signs of association with known fundamentalists or fundamentalist organisations/institutions.
9. Indications of support for fundamentalist publications or actions.
10. Instructions from non-profit organisations for transactions that are unusual for their relevant business model and their known flow of payment transactions.

Annex 4¹²³

(Art. 23a)

States with strategic deficiencies

States with strategic deficiencies are:

- a) Ethiopia
- b) Bosnia and Herzegovina
- c) Trinidad and Tobago
- d) Iraq
- e) Tunisia
- f) Syria
- g) Sri Lanka
- h) Vanuatu
- i) Yemen
- k) Iran
- l) Democratic People's Republic of Korea (DPK)
- m) Afghanistan
- n) Uganda
- o) Laos
- p) Guyana
- q) Pakistan

¹²³ Annex 4 inserted by LGBL 2017 no. 215 and amended by LGBL 2017 no. 353 and LGBL 2019 no. 177.

Transitional and Implementation Provisions

- 952.11 Ordinance on professional due diligence for the prevention of money laundering, organised crime and financing of terrorism (Due Diligence Ordinance; SPV)**

Liechtenstein Legal Gazette

20015

no. 249

issued on 25 September 2015

Ordinance
of 22 September 2015
on the amendment of the Due Diligence
Ordinance

...

II.

Transitional provision

For all business relationships existing at the time at which this Ordinance comes into force¹²⁴ the identification of the beneficial owners referred to in Art. 2 (1) e) of the Act and Art. 3 (1) of this Ordinance must be documented in accordance with Art. 11 (1) by 31 December 2016. The FMA is providing forms which the persons subject to due diligence may use for documentation purposes.

...

¹²⁴ Entry into force: 31 December 2015.

Liechtenstein Legal Gazette

2015

no. 250

issued on 25 September 2015

Ordinance
of 22 September 2015
on the amendment of the Due Diligence
Ordinance

...

II.**Transitional provisions**

1) If in the case of business relationships existing at the time at which this Ordinance comes into force¹²⁵, the identification and verification of the identity of the beneficial owner has to be repeated, the persons subject to due diligence shall apply the new law.

2) For business relationships existing at the time at which this Ordinance comes into force, the persons subject to due diligence shall identify the beneficial owner using the relevant form referred to in Art. 11a (2) in accordance with the new law:

- a) for business relationships to which enhanced due diligence is to be applied in accordance with Art. 11 of the Act, by 31 December 2018 at the latest;
- b) for all other business relationships by 31 December 2020 at the latest.

...

¹²⁵ Entry into force: 1 January 2016.

Liechtenstein Legal Gazette

2017

no. 215

issued on 25 August 2017

Ordinance
of 22 August 2017
on the amendment of the Due Diligence
Ordinance

...

II.**Transitional Provisions**

- 1) The internal instructions referred to in Art. 31 are to be adapted to the new law by 1 March 2018.
- 2) In derogation of Art. 37b (3) the first notification pursuant to Art. 37b (1) shall be made by 30 June 2018.

III.**Entry into force and invalidity**

- 1) Subject to (2) to (4) this Ordinance shall enter into force on 1 September 2017.
- 2) Art. 21 (1a), Art. 25 (1) introductory sentence, (2) and (3) and Art. 28 (6) shall enter into force on 1 June 2018.
- 3) Art. 22b and 36 (5) shall enter into force on 1 March 2018.

4) Art. 1 (2) shall enter into force simultaneously with the resolution of the EEA Joint Committee concerning the adoption of Directive (EU) 2015/849.¹²⁶

5) Upon entry into force of the resolution of the EEA Joint Committee concerning the adoption of Regulation (EU) 2015/847, Art. 1 (3) shall cease to be valid.¹²⁷

...

¹²⁶ Entry into force: 1 August 2019 (LGBL 2019 no. 188).

¹²⁷ Entry into force: 1 August 2019 (LGBL 2019 no. 189).