

# Liechtenstein: Modern And Competitive

**Interview with Hansjörg Wehrle LL.M., Member of the Board of Trustees, Allgemeines Treuunternehmen (ATU), Liechtenstein**



**IFC:** The end of 2022 saw a dramatic change to beneficial ownership access across Europe, following the Court of Justice ruling that public access to a BOR invades an individual's rights of privacy. What has been the immediate impact of the ruling on Liechtenstein; and how important is the ECJ decision for the future of data protection?

**HW:** There has been no immediate impact in Liechtenstein because the access to the data recorded in the BOR is limited to the competent authorities and bodies since the enactment of the relevant law in April 2021. The ECJ decision is a strong signal for the future of data protection and takes a stand against the ongoing undermining of the individual's rights of privacy in the course of increasing regulation associated with the regulators' strive for transparency.

**IFC:** A recent MONEYVAL evaluation highlighted Liechtenstein's high level of compliance with the FATF's 40 recommendations on combatting money laundering. How important are Liechtenstein's international regulatory standards to the success of its financial services sector?

**HW:** They are very important and key to Liechtenstein's success. On the one

hand, the good rating in the recent MONEYVAL evaluation helps to strengthen Liechtenstein's reputation as an international financial centre. It also allows the use of Liechtenstein entities or trusts for asset structuring without having to fear restrictions, for example, the impossibility of opening a bank account as may be the case when coming from an insufficiently rated jurisdiction. On the other hand, Liechtenstein does not rest on their laurels and is anxious to implement the MONEYVAL recommendations in a timely and efficient manner.

**IFC:** Amid an uncertain geopolitical and economic backdrop, wealth managers are seeking to establish fund structures in stable and unique jurisdictions. What key advantages does Liechtenstein offer for fund domiciliation?

**HW:** Some of the foremost advantages Liechtenstein as financial centre offers to wealth managers are: a safe economic and political environment in the centre of Europe, free movement of capital within Switzerland and the European Union (EU), the Swiss franc as a stable currency, a liberal corporate law, a business-friendly tax environment with attractive taxation of individuals and legal entities,

a high degree of discretion combined with adherence to international standards for the prevention of money laundering, organised crime and terrorist financing, a modern infrastructure and good transport connections, as well as no public debt.

In addition to this, Liechtenstein has a modern and competitive fund legislation. As a member of the EEA (European Economic Area), simplified conditions apply to Liechtenstein fund managers to allow them to manage and market funds within the EU in conformity with the Alternative Investment Fund Managers Directive (AIFMD).

**IFC:** The pace of FinTech adoption has rapidly accelerated in recent years, prompting policymakers to establish a legal and regulatory framework for the sector. How does Liechtenstein intend on promoting digital innovation within the crypto and digital asset markets, while also ensuring appropriate levels of regulation?

**HW:** The Token and Trustworthy Technology Service Provider Act (TVTG, "Token und Vertrauenswürdige Technologien-Dienstleister-Gesetz") was put into effect on 1 January 2020. Liechtenstein is one of the few

jurisdictions that has established a legal and regulatory framework in this regard and therewith provides legal certainty.

**IFC:** The EU has expanded its sanctions against Russia by prohibiting EU TCSPs from providing administration services to trusts and similar structures connected with Russian nationals. How has this impacted on wealth planning and structuring in the jurisdiction?

**HW:** It can be said that the impact has been less negative than expected so far. Thanks to the high level of compliance with international regulatory standards on combatting money laundering and the like, the Liechtenstein TCSPs have detailed information about their clients. This facilitates the identification of the Russian nationals who are affected by the sanctions against Russia.

**IFC:** The emergence of a next generation that is set to inherit record levels of wealth and is highly focused on purpose-driven investment is presenting a new wave of challenges and opportunities for wealth managers. How is Liechtenstein responding to this new cohort of

**HNWIs and changing priorities in areas such as Philanthropy, ESG Investing and FinTech?**

**HW:** Liechtenstein is competitive and well prepared for this new cohort of HNWIs and their changing priorities. For example, Liechtenstein took the first place in The Global Philanthropy Environment Index 2022 that is published by the reputable Lilly Family School of Philanthropy, Indiana University, due to the highly favourable regulatory, political, economic and socio-cultural environment for philanthropy.

**IFC:** As the number of international arbitration centres across the globe steadily increases, so does the competition by various host countries seeking to attract arbitration business. How is Liechtenstein working to become the jurisdiction of choice for international arbitration and dispute resolution in Europe?

**HW:** Liechtenstein has been a member of the New York Convention (Convention on the recognition and enforcement of foreign arbitral awards) since 2011 and its arbitration rules, known as the Liechtenstein Rules, are based on the UNCITRAL Arbitration Rules to a large extent. The access to the New York

Convention guarantees the recognition and enforcement of Liechtenstein arbitral awards in more than 160 member jurisdictions.

Liechtenstein's long lasting and extensive expertise in the foundation and trust business renders it the ideal venue to settle disputes between the parties by arbitration, guaranteeing high efficiency and confidentiality with favourable procedural costs.

**IFC:** Which business structures/services are currently most popular with your customers and where is the main source of demand coming from? Have you noticed any change in trends in clients' requirements for asset structuring and management?

**HW:** Foundations and trusts are the most popular entities and similar arrangements for the purposes of international asset structuring. Currently, the main source of demand is coming from Europe.

**IFC:** Is Liechtenstein introducing any new legislation in the wealth management sphere this year?

**HW:** Based on the information currently available, Liechtenstein does not intend to introduce any new legislation in the wealth management sphere this year. ■

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