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## Customer Benefits and Advantages in Tokenized Securities and Objects of Value within a Liechtenstein Foundation

The Liechtenstein foundation, which is conventionally established for purposes of asset protection, succession planning as well as wealth preservation, can also provide an interesting alternative value-added aspect – from the viewpoint of the management of illiquid, but very valuable assets – in the form of their tokenization. In particular, when a Liechtenstein foundation meets the requirements of a Private Asset Structure ("PVS"), it constitutes a reasonable fiscal "room-for-manoeuvre" and an interesting legal vehicle to manage crypto assets.

Tokens and tokenized objects of value correspond to the digital representation of a real object, or claim on a Blockchain, and obtain in Liechtenstein a legal framework under the Law on Tokens and VT-Service Providers ("TVTG") as well as the Liechtenstein Token Container Model.

Security Tokens have primarily the purpose of complementing conventional securities and thus tangible documentation, and, in future, effectively replacing these. A Security Token possesses the following benefits and advantages in contrast to a conventional security: simple and rapid transferability within 24 hours throughout 365 days a year, independency from central management administrations, the reduction of transaction- and custody charges, the automation of regulatory aspects, clear evidence of ownership as well as a transparent transaction history.

A tokenized object of value includes an actual and enforceable right, which depends on the local regulations. Liechtenstein is one of those jurisdictions in which tokenized rights can legally be enforced.

The tokenization of movable and immovable objects of value enable the holder of a token to enjoy numerous new interesting possibilities, benefits and advantages, which are not existent in the holding of merely conventional documents. In future, for example, physical movable or immovable objects of value, such as paintings

or whole collections of art, yachts, real estate, vintage cars, diamonds or intangible assets, such as portfolios of securities, patents, licences and claims, can be tokenized and thus allocated in parts among several parties. The transfer of such virtual rights of ownership and/or yields from their base values will in future be effected via the decentralized register of the Blockchain.

Additionally, the tokenization of the objects of value enables to determine the rightful owner and user relationship for each object of value in an unalterable and cost-efficient manner. Thus, the Token will in future become evidence for rightful ownership or possession. Tokenization also provides an additional significant benefit or advantage, as it allows for fractional ownership of tangible objects of value, such as paintings, into as many small digital tranches, in order to also offer to small investors the opportunity to invest in tangible objects of value.

The so far partially indivisible and illiquid tangible securities and tangible objects of value are given an enhanced commercialization as well as liquidity, due to their tradability on specialized trading platforms and their new characteristic of divisibility. A future pledging possibility of tokenized objects of value, as well as their simplified, effective and cost-efficient transfer, will significantly enhance the use of such Tokens.

The traceability of the history back to previous ownership or possession as well as a confirmation of the tokenized objects of value by the Physical Validator ("PV") under the Liechtenstein Law on Tokens and VT-Service Providers ("TVTG"), open up a new dimension of trust. The determination of the actual location of custody, the digital traceability and the documented transfer of ownership of the tokenized objects of value, enhance such effects additionally, and contribute to safety and transparency for users and the Blockchain network at large.

Through the TVTG, the Liechtenstein legislator addresses technology innovation proactively and offers a solid basis for ongoing growth to local enterprises.

At present, the main difficulties are the underdeveloped regulation of crypto assets in other jurisdictions as well as the lack of recognition of a legal framework of Blockchain technology abroad.

ATU, as a conventional trust company, seeks to be a partner for existing and new client relationships in the field of crypto assets by means of manageable Blockchain business models, which do not contain any economic, commercial or fundraising components. In particular, when the focus lies in the passive holding and management of crypto assets (tokenization of assets as, for example, paintings, objects of art and vintage cars), ATU, as an experienced and professional partner in matters of succession planning and asset protection, offers the verification of the taking up of a new or the extension of existing client relationship in individual cases. In this regard, ATU is supported by a strong local network in order to implement such solutions with the assistance of external experts as well as specialists.

The authors of this present Article, Dominik Kujawski and Tamara Pfeffer at Allgemeines Treuunternehmen as well as Julien Hawle of Bank Frick, remain gladly at your disposal for any further information you may require.

Yours sincerely,

**Allgemeines Treuunternehmen**