



Liechtenstein Financial Market

Facts and figures on the financial intermediaries
supervised by the FMA

2017 edition

FOREWORD

The Principality of Liechtenstein offers a specialized and stable financial centre with strong international ties. After the industrial sector, financial services are the largest business sector in Liechtenstein's national economy. Banks have the most weight, working mainly in private banking and wealth management. The country is also an attractive location for insurers, asset managers, and funds, and it has a specialized fiduciary sector.

Liechtenstein is a member of the European Economic Area (EEA) and thus enjoys full freedom to provide services in all countries of the European single market. Thanks to Liechtenstein's close neighbourly economic relationship and the Customs and Currency Treaty with Switzerland, Liechtenstein's financial intermediaries also enjoy privileged access to the Swiss economic area. For Swiss market actors, Liechtenstein offers a nearby hub for the European single market.

Liechtenstein offers a stable legal and social order with a very high quality of life in the franc currency area. The solid financial policy of the public budgets, short administrative channels, and a transparent and predictable tax and legal framework contribute to Liechtenstein's attractiveness as a business location. Liechtenstein's AAA rating from Standard & Poor's underscores this reliability.

In addition to banks and insurers, the FMA supervises other market participants such as asset managers, funds, and professional trustees. In this publication, we have compiled facts and figures on the individual market participants in a compact form.

Mario Gassner
CEO

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INTERNATIONAL ECONOMY AND FINANCIAL MARKETS

1. INTERNATIONAL ECONOMY AND FINANCIAL MARKETS

1.1 INTERNATIONAL ECONOMY AND FOREIGN FINANCIAL MARKETS

Eight years after the global financial crisis, the world economic and financial environment is still being impacted by the aftereffects. The debt ratio of governments, private households, and non-financial companies have risen to new historic records, from 200% of gross domestic product (GDP) worldwide in 2002 to 225% in 2015.¹ Two thirds consist of liabilities in the private sector, which may entail far-reaching risks if they reach excessive levels. World trade growth is extremely weak, both relative to its own historic development and compared with economic growth. Investment activities are restrained in many developed national economies, while productivity growth is generally lower than before the financial crisis.²

In the second half of 2016, growth prospects brightened somewhat. In the United States, economic growth has accelerated a bit, after low growth at the beginning of the year. In the European economy, growth in the first three quarters was moderate in light of geopolitical and political uncertainties that prevented stronger growth.³ In Japan, economic growth accelerated in the third quarter, driven by net exports and fixed asset investment. Growth in numerous emerging markets is limited, especially in commodity-exporting economies. The International Monetary Fund expects world economic growth of 3.1% in 2016 and 3.4% in 2017.⁴

Political risks have developed into one of the greatest threats to the world economy, reflecting the gap between voters and elected or unelected politicians and officials.⁵ In Europe, 2017 is an election year in France, Germany, and the Netherlands, which may result in increased political and economic uncertainty.

The Swiss economic area recovered in 2016 after the Swiss franc shock of the previous year. The economic dynamic of the Swiss national economy is supported by foreign trade, especially the growth in chemical and pharmaceutical exports, even though the impact of the strong franc can still be felt and the prospects of the export economy are heterogeneous overall. Private consumption lagged slightly behind expectations in 2016. Various leading economic indicators are signalling an acceleration of

¹ IMF (2016): *Fiscal Monitor: Debt, use it wisely*, October.

² OECD (2016): *OECD Economic Outlook*, November.

³ European Commission (2016): *European Economic Forecast – Autumn 2016, Institutional Paper 038*, November.

⁴ IMF (2016): *World Economic Outlook*, October.

⁵ IIF (2016): *Political Risk in an Age of Disruption*, September.

growth in Switzerland. According to the Office of Statistics, the Liechtenstein economy is also on track for growth. Direct exports of goods have largely recovered, a survey shows that the general situation of industry and manufacturing continues to be deemed satisfactory in the third quarter, and projected construction costs have recently risen significantly.

On the financial markets, global equity prices measured by the MSCI World Index grew by 5.3% in 2016, after losing 2.7% of their value in the previous year. The interest rates on 10-year German federal bonds fell by 30 basis points since the beginning of the year, while the interest rates on 10-year US government bonds rose by 20 basis points. The 10-year interest rate for Swiss federal bonds at the end of 2016 was nearly 10 basis points below the level of the previous year. Since mid-2016, international market interest rates have risen from their historic record lows, also as a consequence of the US presidential election in November.

Republican nominee Donald Trump's statements during the campaign that he would cut corporate taxes and massively increase government infrastructure spending boosted financial markets after his election. Financial stocks rose especially strongly. The long-term impact of the election outcome on the world economy is difficult to assess at this time; it remains to be seen in particular to what extent President Trump, as announced in the election campaign, will implement a radically protectionist economic policy that might trigger an international trade war and plunge the world economy into recession.

Monetary expansion continued in 2016, even though the outlook in different countries is steadily diverging. The US Federal Reserve has terminated its asset purchase programme, and in December, it increased key rates for the second time in a year. In contrast, the European Central Bank, the Bank of Japan, and the Bank of England have expanded their asset purchase programmes. The central banks have meanwhile developed into significant owners of securities. In September 2016, for instance, the Bank of Japan held nearly 40% of all outstanding Japanese government bonds. If its announcements that it will continue to buy bonds turn out to be true, it will hold about 60% of all outstanding Japanese government bonds by March 2019.¹

Low interest rates and a comparatively low growth potential can favour an increase in risks to financial stability. The longer the low interest rate level persists, the greater will be the share of low-interest capital investments on financial institutions' balance sheets. A search for yield triggered by low interest rates can also entail that investors systematically underestimate risks and that risk premiums are distorted downward accordingly. But it is also true that risks resulting from an increase in the interest rate level can rise not least of all for banks and life insurers.² For banks, net interest income can fall if longer-term fixed-interest agreements have been concluded with borrowers and the banks' costs of

1 OECD (2016): *OECD Economic Outlook*, November.

2 Deutsche Bundesbank (2016): *Financial Stability Review*, November.

refinancing increase. For life insurers, the value of capital investments would decline over the course of a period of interest rate increases, which would likely overcompensate rising income from newly invested money at first. Recessions triggered by financial crises regularly cause high economic and social costs.¹ As the experiences during and since the global financial crisis show, economic growth typically declines dramatically and recovers only very slowly, unemployment rises and stays at a high level for a long time, and private and public debt increases.

Editorial deadline: 10 January 2017

1.2 LIECHTENSTEIN FINANCIAL CENTRE

The international economy and the development of financial markets are of crucial importance to the Liechtenstein financial centre, which operates internationally and is highly interconnected. In a very demanding economic environment with low interest rates and high regulatory pressure, the banking sector generated higher income and net new money inflows. At CHF 234.8 billion, the assets under management of Liechtenstein banks, including their foreign group companies, reached a record high. Asset management companies slightly increased assets under management. The net assets under management in investment undertakings (funds) also grew slightly. In contrast, premium income in the insurance sector fell slightly in 2016 compared with the previous year.

Financial market players continue to operate under high regulatory pressure and in an environment characterized by challenging market conditions. The political risks have risen at the European and global level. The historically low interest rate environment due to the expansionary monetary policy of the central banks may also entail higher risks to financial stability.

As a member of the European Economic Area (EEA), Liechtenstein implements the financial market regulations of the European Union. After the revised Banking Act, including higher capital and liquidity requirements for banks, was introduced in 2015, the Recovery and Resolutions Act (SAG) entered into force at the beginning of 2017. The SAG transposes the EU Bank Recovery and Resolution Directive (BRRD) into national law and creates a uniform framework for efficient and effective crisis management at banks and investment firms.

The new Insurance Supervision Act (Solvency II) entered into force at the beginning of 2016. Solvency II makes qualitative and quantitative tools available to the FMA in order to assess the overall solvency of an insurance undertaking.

¹ Luc Laeven and Fabian Valencia (2012): *Systematic Banking Crises Database: An Update*, IMF Working Paper 12/163.

- Banks: At the end of 2016, Liechtenstein banks, including their foreign group companies, managed client assets in the amount of CHF 234.8 billion (previous year: CHF 209.5 billion). Total net new money was CHF 20.3 billion (previous year: CHF 8.5 billion). Earnings before tax amounted to CHF 474.1 million (previous year: CHF 390.3 million).
- Asset management companies: 116 asset management companies were licensed in Liechtenstein as of the end of 2016. Assets under management amounted to CHF 35.1 billion (previous year: CHF 33.3 billion).
- Investment undertakings (funds): Assets under management at the end of 2016 amounted to CHF 46 billion (previous year: CHF 45.2 billion). The number of Liechtenstein funds was 490 (previous year: 510).
- Insurance undertakings: Premium income in 2016 amounted to CHF 3.16 billion (previous year: CHF 3.36 billion). Of that amount, life insurance took in CHF 2.1 billion, non-life insurance CHF 1.0 billion, and reinsurance CHF 44.3 million. The balance sheet total was CHF 26.7 billion at the end of 2016 (previous year: CHF 27.8 billion).
- Pension schemes: At the end of 2016, 22 pension schemes were under the supervision of the FMA. The average, weighted funding ratio at the end of 2016 was 104.3%. The pension capital and the technical provisions at the end of 2015 were CHF 5.49 billion.
- Pension funds: At the end of 2016, the FMA supervised five pension funds. Of these, four offered cross-border services in the EEA and third countries. They earned CHF 86.5 million in gross premiums in 2016 (previous year: CHF 103.8 million).

FINANCIAL INTERMEDIARIES

2. FINANCIAL INTERMEDIARIES

2.1 BANKS

Liechtenstein banks focus their activities primarily on private banking and wealth management. Thanks to Liechtenstein's membership in the European Economic Area (EEA), the banks enjoy full freedom to provide services throughout the European single market. Some banks are also active outside Europe, especially in Asia, through subsidiaries or representative offices. Upon completion of a voluntary liquidation, the number of licensed banks fell from 16 to 15 in 2016.

The assets under management of banks (banks in Liechtenstein including foreign group companies) amounted to CHF 234.8 billion at the end of 2016 (previous year: CHF 209.5 billion). Of that amount, banks in Liechtenstein managed CHF 136.8 billion (previous year: CHF 130.5 billion). This means that at a consolidated level, assets under management reached a new record high.

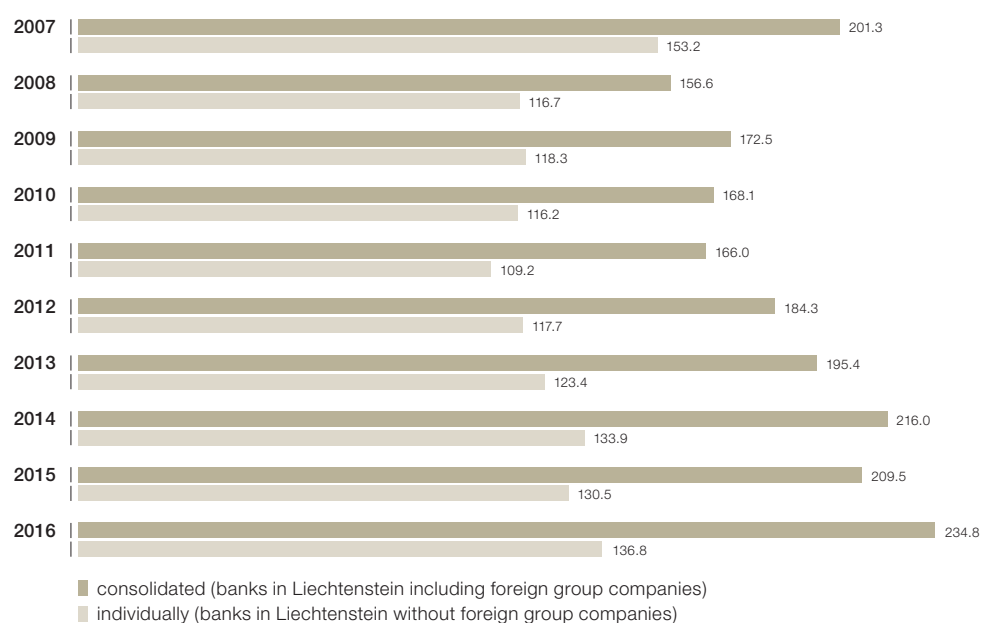


Figure 1
Assets under management (in CHF billions)

The net inflow of new money of the Liechtenstein banks including foreign group companies amounted to approximately CHF 20.3 billion (previous year: 8.5 billion). Of that amount, CHF 3.0 billion was attributable to the Liechtenstein banks (previous year: CHF 3.1 billion). Major differences can be seen among the individual banks.

Earnings before tax improved once again on a consolidated basis (banks in Liechtenstein including foreign group companies) compared with the previous year, rising from CHF 390.3 million in 2015 to CHF 474.1 million in 2016. This corresponds to an increase of 20.4%. This was mainly due to income from financial transactions (+27.8%) and net interest income (+22.8%). Because operating expenses also increased, the cost/income ratio of 68.9% was comparable to the previous year's level (67.1%).

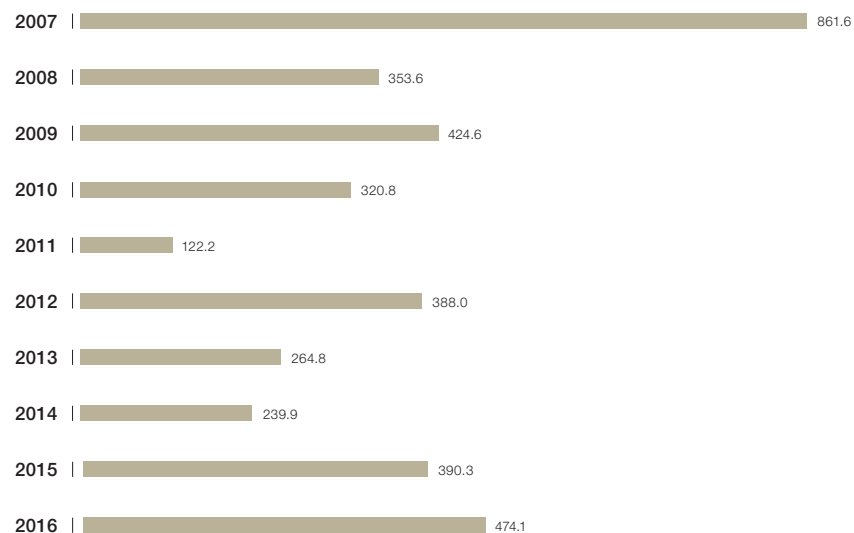


Figure 2
Earnings before tax (EBT) of the banks in Liechtenstein
including foreign group companies (in CHF millions)

The balance sheet total of the banks in Liechtenstein including foreign group companies amounted to about CHF 74.3 billion at the end of 2016 (previous year: CHF 73.3 billion). Consolidated across all banks, liabilities to clients amounted to 78.3% of the balance sheet total or CHF 58.2 billion (previous year: CHF 57.5 billion).

On a consolidated basis, the core capital ratio (Tier 1 ratio) was 21.6% at the end of 2016 (previous year: 21.3%), with all banks having a Tier 1 ratio exceeding 16%. The Tier 1 ratio of the Liechtenstein banking centre is higher than the international average. The high equity backing ensures a stable financial centre and security for banking clients.

The financial sector in general and the banks in particular are of great importance to Liechtenstein's national economy, also as employers. The number of full-time equivalent jobs at banking institutions at the end of 2016 was about 2313 (previous year: 2186). The number of jobs at banks including group companies rose by 10.9% over the previous year to 4620 at the end of 2016.



Figure 3
Number of jobs at Liechtenstein banks without
foreign group companies

Figure 4
Number of jobs at Liechtenstein banks including
foreign group companies

Banks	
Basic laws and ordinances (www.gesetze.li) Banking Act (BA) Banking Ordinance (BO) Recovery and Resolution Act (SAG)	More detailed information on licences, legal foundations, and supervision www.fma-li.li – Banks and investment firms Liechtenstein Bankers Association www.bankenverband.li

Financial sector: Great importance for the national economy

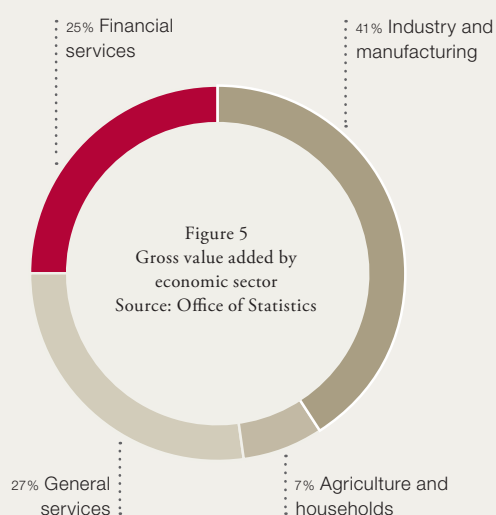
The Liechtenstein financial sector is strongly diversified and internationally linked.

After industry and manufacturing, it is the largest sector of the Liechtenstein national economy and thus of exceptional importance. 9% of all persons employed in

Liechtenstein work in the financial sector. Including lawyers, tax advisors, and auditors, who often work in the fiduciary field, the share increases to 16% (about 6000 people).

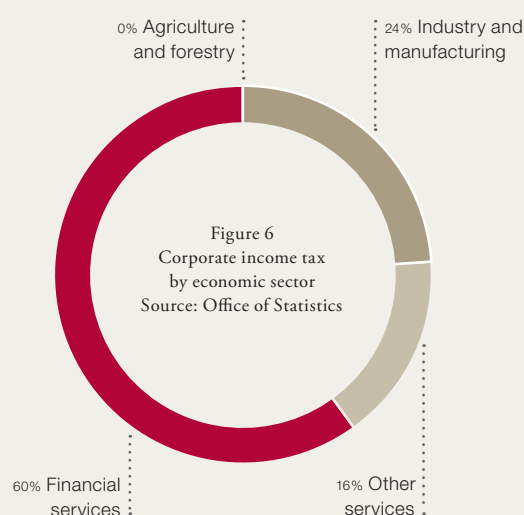
Gross value added by economic sector

In 2014, the Liechtenstein financial sector generated gross value added of CHF 1.489 billion. This means that every fourth franc of value added in Liechtenstein is generated in the financial sector.



Corporate income tax by economic sector

The financial sector is very important for the fiscal revenue of Liechtenstein. Through taxation of corporate income immediately connected to the economic activity of financial institutions, the State and the municipalities generated estimated tax revenue of CHF 125 million in 2014.¹



¹ The Office of Statistics reports the entire tax revenue of the State and the municipalities in the accounting year. The corporate income tax, however, is indicated by tax year. The assumption here is that the tax year corresponds to the accounting year.

2.2 ASSET MANAGEMENT COMPANIES

The core business of asset management companies includes portfolio management and investment advisory services. They also work in securities and financial analysis as well as the acceptance and transmission of orders dealing with financial instruments. Asset management companies are not allowed to receive or hold assets by third parties. Asset management companies are also investment firms as defined by Directive 2004/39/EC.

At the end of 2016, 116 asset management companies held licences in Liechtenstein (previous year: 117). They employed a total of 646 employees at the end of 2016 (previous year: 621). At the end of 2016, the asset management companies had a total of 10,267 client relationships, of which 7281 included an asset management mandate. The companies' assets under management rose by about 5.5% to CHF 35.13 billion, of which CHF 20.37 billion or 58.2% (previous year: CHF 21.0 billion or 63.0%) were invested at Liechtenstein banks.

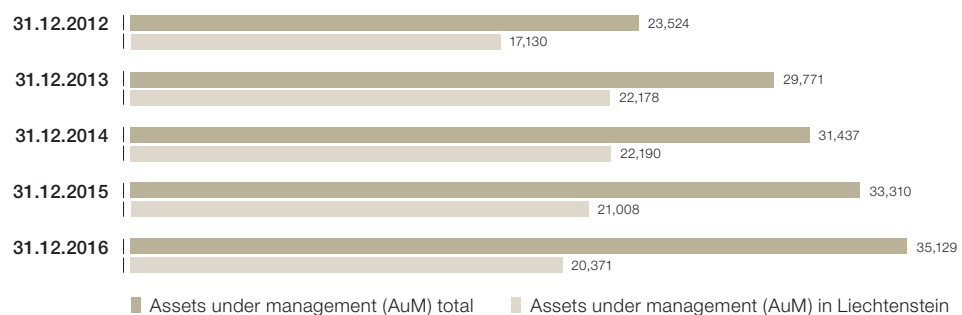


Figure 7
Development of assets under the management of
asset management companies (in million CHF)



Figure 8
Development of number of client relationships
of asset management companies

Asset management companies	
Basic laws and ordinances (www.gesetze.li) Asset Management Act (AMA) Asset Management Ordinance (AMO)	More detailed information on licences, legal foundations, and supervision www.fma-li.li – Asset management companies VuVL – Association of Independent Asset Managers in Liechtenstein www.vuvt.li

2.3 INVESTMENT UNDERTAKINGS (FUNDS)

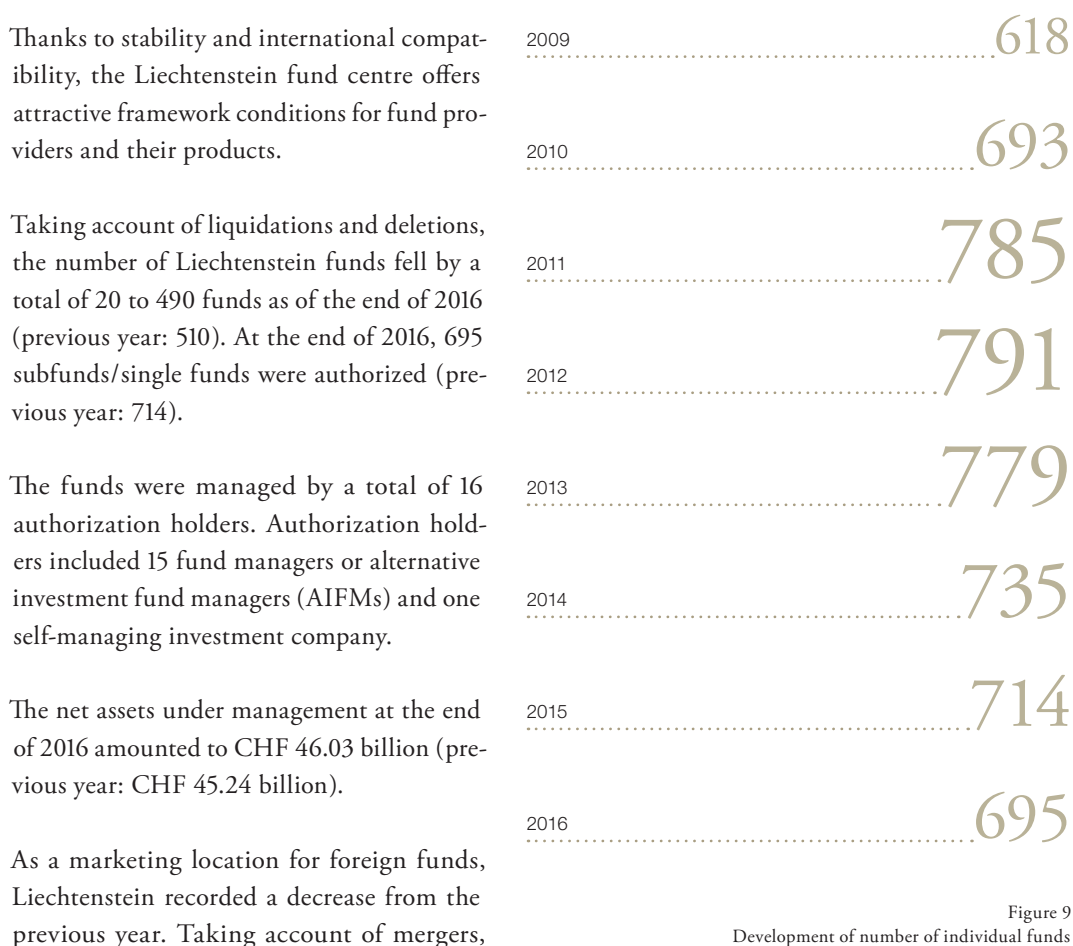


Figure 9
Development of number of individual funds

non-launches, and liquidations, the number of foreign funds authorized in Liechtenstein fell to 126 (previous year: 160) and the number of subfunds authorized for marketing fell to 990 (previous year: 1006).

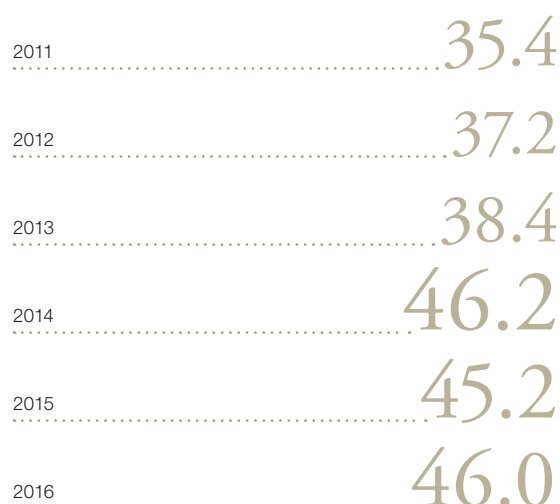


Figure 10
Development of net assets under the management
of funds (in billion CHF)

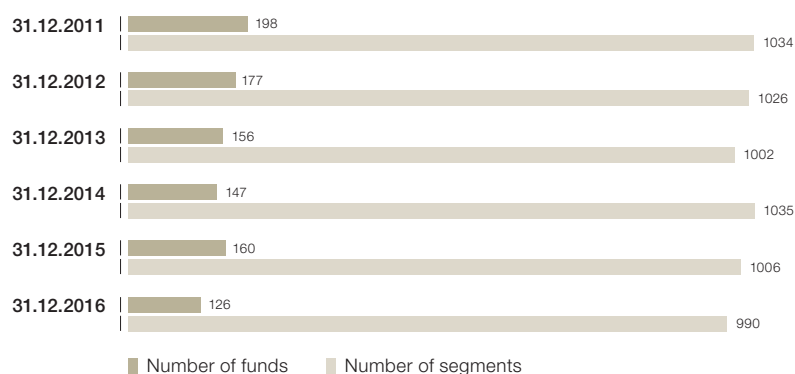


Figure 11
Number of authorized foreign funds

Investment undertakings (funds)	
Basic laws and ordinances (www.gesetze.li) Investment Undertakings Act (IUA) Investment Undertakings Ordinance (IUO) Law on Certain Undertakings for Collective Investment in Transferable Securities (UCITS Act) Ordinance on Certain Undertakings for Collective Investment in Transferable Securities (UCITS Ordinance) Law on Alternative Investment Fund Managers (AIFM Act) Ordinance on Alternative Investment Fund Managers (AIFM Ordinance)	More detailed information on licences, legal foundations, and supervision www.fma-li.li – Investment undertakings LAFV – Liechtenstein Investment Fund Association www.lafv.li

2.4 INSURANCE UNDERTAKINGS

Liechtenstein offers insurance undertakings direct access to the countries of the European Economic Area and to Switzerland. This is made possible by Liechtenstein's EEA membership and the Direct Insurance Agreement with Switzerland.

Life insurance, non-life insurance, and reinsurance undertakings operate in Liechtenstein. The main business of life insurers is fund-linked/unit-linked life insurance. Non-life insurers cover all relevant insurance classes. The reinsurance undertakings in Liechtenstein are captives. These are company insurance undertakings offering coverage of company insurance risks for the parent undertaking or the group.

At the end of 2016, 20 life insurance companies, 16 non-life insurance companies, and 3 reinsurance companies operated with registered offices in Liechtenstein. 10 undertakings operated as captives, 7 of which as direct insurers and 3 as reinsurers.

	2010	2011	2012	2013	2014	2015	2016
Non-life insurers	14	14	14	15	15	17	16
Life insurers	21	21	22	22	22	21	20
Reinsurers	5	5	5	5	5	3	3
Total licences	40	40	41	42	42	41	39

Figure 12
Number of insurance undertakings
(as of the end of the year)

The capital invested on the account and at the risk of policyholders as part of fund-linked or unit-linked life insurance was about CHF 22.4 billion. Premium income of CHF 3.16 billion fell slightly from the previous year level of CHF 3.36 billion. Of the premiums received, CHF 2.1 billion were attributable to life insurance (67%), CHF 1.0 billion to non-life insurance (32%), and CHF 44.3 million to reinsurance (1%).

The balance sheet total of all insurance undertakings domiciled in Liechtenstein was about CHF 26.7 billion at the end of 2016 (previous year: CHF 27.8 billion). The number of people employed by insurance undertakings rose from 596 to 649.

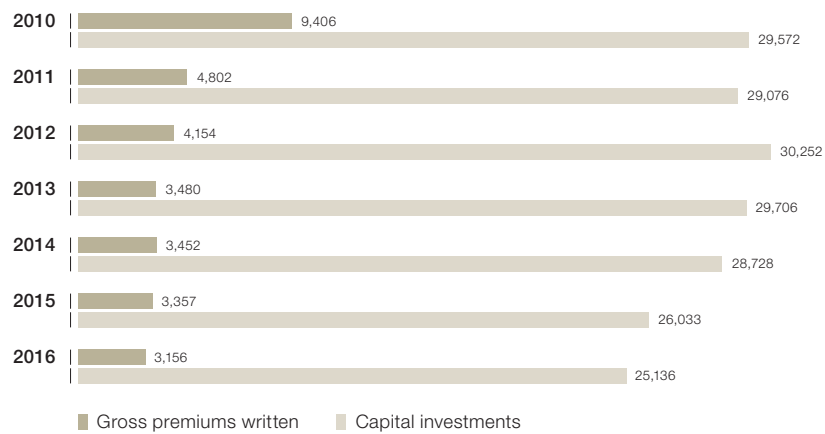


Figure 13
 Development of gross premiums written and capital investments of the insurance undertakings (in million CHF)



Figure 14
 Development of the balance sheet total of insurance undertakings (in million CHF)

Cross-border provision of services

At the end of 2016, 322 insurance undertakings from various EEA countries and Switzerland had notified the FMA of cross-border provision of services in Liechtenstein via their home country authorities.

A total of 13 foreign insurance undertakings maintained a dependent branch in Liechtenstein as of the end of 2016. 11 of these had their registered offices in Switzerland.

Pursuant to the Direct Insurance Agreement between Liechtenstein and Switzerland, Liechtenstein insurance undertakings may engage in insurance business in Switzerland and vice versa, by way of either cross-border business or as an establishment. In the area of non-life insurance, the insurance business offered in Switzerland was almost exclusively by way of free movement of services.

The gross premiums generated by non-life insurance undertakings in Switzerland fell slightly from CHF 187.9 million in the previous year to CHF 186.3 million. About 60% of those gross premiums were attributable to captives.

In life insurance, the gross premiums earned in Switzerland fell from CHF 548.2 million in the 2014 fiscal year to CHF 397.5 million. 37.1% of the premiums were generated in classical life insurance, 31.0% in unit-linked and fund-linked insurance, and 31.9% in capital redemption insurance.



Figure 15
Gross premiums written in 2015 by country
(in million CHF)

Compulsory building insurance

As of 31 December 2015, 13 insurance undertakings offered compulsory building insurance in Liechtenstein.

The fire insurance sum as of 31 December 2015 was CHF 19.3 billion for buildings, CHF 1.9 billion for household effects, and CHF 3.7 billion for other moveable objects. In total, the fire insurance sum in 2015 amounted to CHF 24.9 billion.

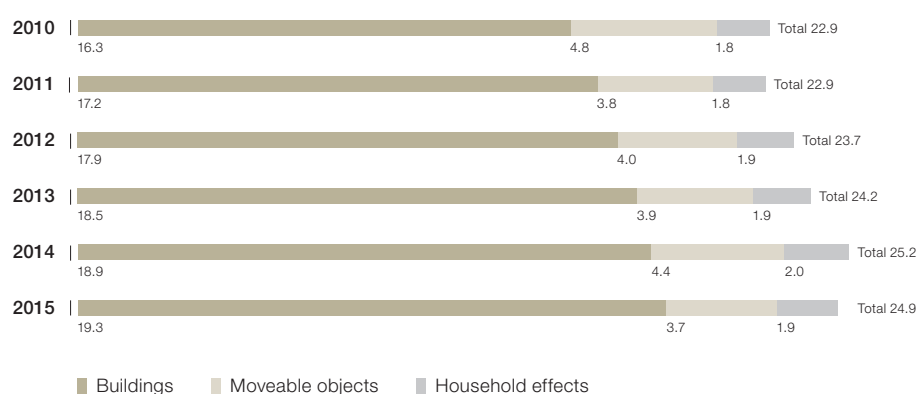


Figure 16
Fire insurance sum of Liechtenstein buildings
(in billion CHF)

The premium income for fire insurance in 2015 was CHF 9.7 million. In 2015, CHF 20.2 million in premiums were earned in compulsory building insurance in total. On the other side, claims payments in the amount of CHF 1.0 million were made (CHF 0.4 million for fire damage and CHF 0.6 million for damage from natural hazards).

Insurance undertakings	
Basic laws and ordinances (www.gesetze.li) Insurance Supervision Act (ISA) Insurance Supervision Ordinance (ISO) Insurance Contract Act (ICA)	More detailed information on licences, legal foundations, and supervision www.fma-li.li – Insurance undertakings LVV – Liechtenstein Insurance Association www.versicherungverband.li

2.5 INSURANCE INTERMEDIARIES

At the end of 2016, the FMA supervised a total of 68 licensed and registered insurance intermediaries, of which 60 were legal persons, 5 sole proprietorships, and 3 natural persons. Of the 68 registered insurance intermediaries, 57 worked as insurance brokers and 11 as insurance agents.

	2012	2013	2014	2015	2016
Brokers	55	57	52	59	57
Agents	10	10	11	10	11
Total licences	65	67	63	69	68

Figure 17
Registered insurance intermediaries
supervised by the FMA

According to the annual reports for the 2015 fiscal year, the gross income generated by insurance mediation totalled CHF 26.3 million, of which 62% was generated in non-life insurance and 38% in life insurance.

Insurance intermediaries	
Basic laws and ordinances (www.gesetze.li) Insurance Mediation Act (IMA) Insurance Mediation Ordinance (IMO)	More detailed information on licences, legal foundations, and supervision www.fma-li.li – Insurance intermediaries LIBA – Liechtenstein Insurance Brokers Association www.liba.li

2.6 PENSION SCHEMES

Pension provision in Liechtenstein is built on three pillars: Old Age, Disability, and Survivors' Insurance administered by the State (AHV/IV), mandatory occupational pension provision, and private pension provision on a supplementary basis. The first pillar aims to secure the subsistence level of the insured person and family members in the event of old age, disability, and death. In conjunction with the first pillar, the second pillar – occupational pension provision – aims to ensure that the accustomed standard of living can be maintained. The third pillar – individual pension provision – serves to close provision gaps that cannot be covered by the first and second pillars.

Occupational provision is administered by pension schemes, i.e., by autonomous legal entities subject to the Occupational Pensions Act (OPA) and supervised by the FMA.

At the end of 2016, 22 (previous year: 23) pension schemes in Liechtenstein were under the supervision of the FMA. These were 8 collective foundations (including the Liechtenstein Occupational Pensions Foundation, SPL) and 14 company pension schemes.

The funding ratio is a key indicator for assessing the financial situation of a pension scheme. The funding ratio is the ratio between the available assets and liabilities. If it is at least 100%, all liabilities can be met as of the reporting date. If the funding ratio is below 100%, this is considered a shortfall, and recovery measures must be instituted. At the end of 2016, the average funding ratio according to the second semi-annual report was 104.3%. The range was between 94% and 121%.

The number of insured persons on 31 December 2015 was 40,173 (previous year: 38,691), of which 88% were active insured persons and 12% were retirees.

In 2015, 28,322 (70%) of the insured persons (active insured persons and retirees) were insured with collective foundations, while about 11,851 (30%) were insured with company pension schemes.

Occupational pension provision is funded by employer and employee contributions as well as interest and deposits. In 2015, total contributions made to pension schemes amounted to CHF 379 million, of which 52% came from employers and 40% from employees. This amount was supplemented by special and supplementary contributions as well as deposits to employer contribution reserves, making up 8% of contribution income.

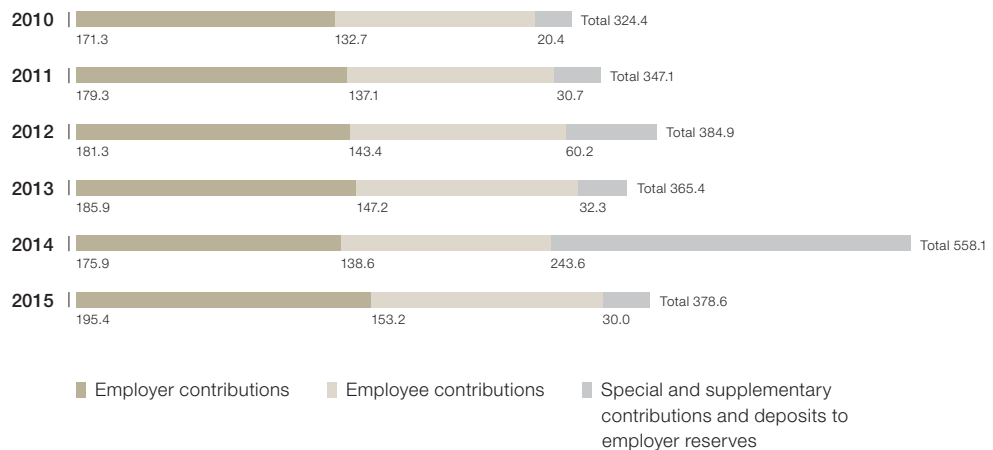


Figure 18
Development of employer and employee
contributions (in million CHF)

The benefits of pension schemes under their own rules may far exceed the legal minimum. In 2015, Liechtenstein pension schemes paid benefits under their own rules in the amount of CHF 173 million. Old age pensions at 44% or CHF 77 million accounted for the largest share of benefits. Capital payments upon retirement made up 33% or CHF 56 million, while CHF 15 million or 8% of all benefits were paid out as disability benefits.

Pension capital and technical provisions as of 31 December 2015 amounted to CHF 5.49 billion (previous year: CHF 5.28 billion). Interest is paid annually on the pension capital of active insured persons and retirees. Most active insured persons are insured according to the defined contribution principle. Interest on their savings capital fell in 2015. On average, they were credited an annual interest of 1.8% in 2015, compared with 2.5% in the previous year.

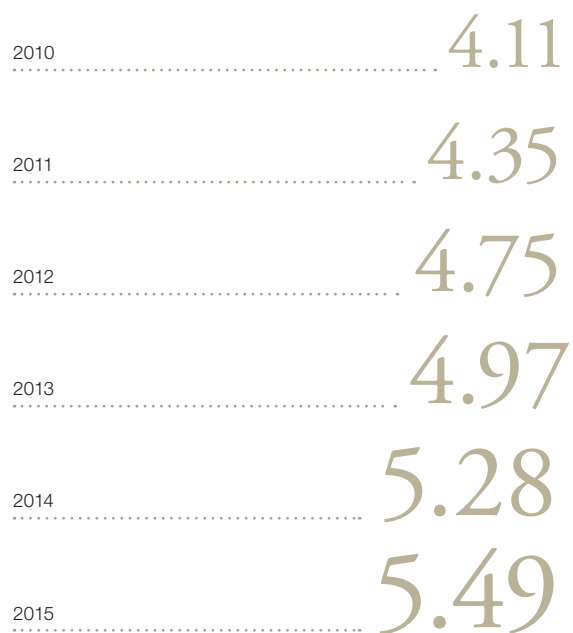


Figure 19
Development of pension capital and technical provisions
(in billion CHF)

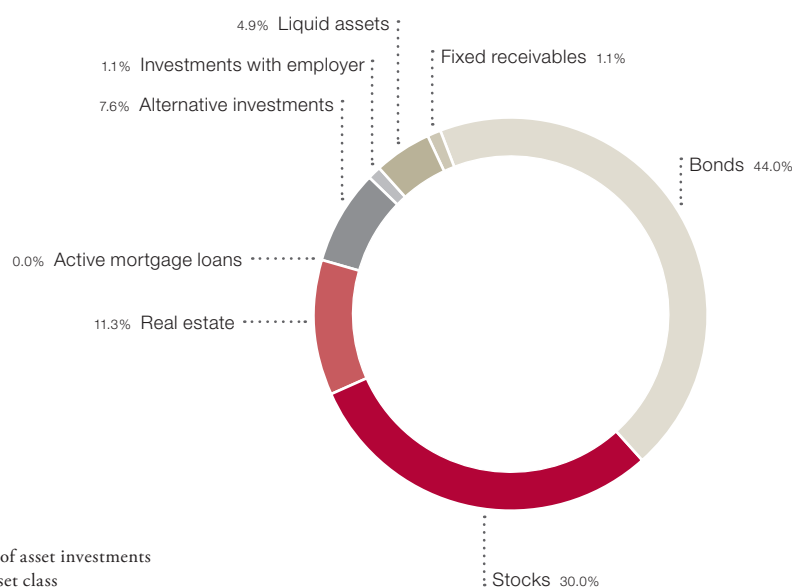


Figure 20
Distribution of asset investments
in 2015 by asset class

Vested benefits accounts

In 2016, three banks maintained vested benefits accounts. As of 31 December 2016, there were a total of 15,806 (2015: 14,980) such accounts with managed capital of CHF 423.3 million (2015: CHF 389.6 million). The average amount of vested benefits was CHF 26,011 (2014: CHF 26,779). The interest rate on the vested benefits accounts was 0.1% in 2016.

Pension schemes	
Basic laws and ordinances (www.gesetze.li) Occupational Pensions Act (OPA) Occupational Pensions Ordinance (OPO) Law on Occupational Pensions of the State (OPS Act)	More detailed information on licences, legal foundations, and supervision www.fma-li.li – Pension Schemes Liechtenstein Pension Fund Association www.lpkv.li

2.7 PENSIONS FUNDS

Occupational retirement provision is becoming increasingly important in Europe. Liechtenstein has thus positioned itself as an attractive location for institutions for occupational retirement provision (IORPs, pension funds) as part of its implementation of the EU's IORP Directive.

The Pension Funds Act governs the taking up and performance of the activities of pension funds. It allows pension funds to accept sponsoring undertakings from other contracting parties to the EEA Agreement, subject to the applicable provisions of labour and social law governing the design of the retirement provision systems in each country of activity. This means that where the supervisory conditions in the home member state are met, and after notification to the host member state, pension funds authorized in any EEA state can provide services in any other EEA state.

In contrast to the directives in the insurance sector, however, the IORP Directive does not envisage one-off notification of institutions. Each individual sponsoring undertaking must be notified separately to the competent authority of the host country. The Pension Funds Act also allows domestic pension funds to expand their business activities to countries outside the EEA as well.

At the end of 2016, the FMA was supervising 5 pension funds (previous year: 5). Of these 4 provided cross-border services in the EEA and in third countries. Liechtenstein is one of six European locations (the others are Austria, Belgium, Germany, Ireland, Luxemburg, and the UK) where cross-border pension funds are domiciled.

Provisional reports indicated that CHF 86.5 million in gross premiums were earned in the 2016 fiscal year. This represents a decline of about 17% from the previous year (2015: CHF 103.8 million).

Pension funds	
Basic laws and ordinances (www.gesetze.li) Pension Funds Act (PFA) Pension Funds Ordinance (PFO)	More detailed information on licences, legal foundations, and supervision www.fma-li.li – Pension funds

2.8 PROFESSIONAL TRUSTEES AND TRUST COMPANIES

The activities of professional trustees include in particular the formation of legal persons, companies, and trusts, the assumption of board and management mandates under article 180a of the Law on Persons and Companies (PGR), the assumption of trust mandates, accounting and reviews, as well as financial, economic, and tax advice.

The FMA's powers include licensing, verification of permanent compliance with licensing conditions, and enforcement of supervision, including the withdrawal of licences. The FMA is also responsible for the due diligence supervision of professional trustees and trust companies.

As of 31 December 2016, the number of persons with a licence under the Professional Trustees Act was 396 (previous year: 378). This number includes 139 professional trustees (previous year: 115), and 257 trust companies (previous year: 263). The increase in the number of professional trustees is due to the elimination of dormant licences effective 1 January 2017 and the consequent activation thereof. The deadline for activating them expired on 31 December 2016.

	2014	2015	2016
Professional trustees	105	115	139
Trust companies	275	263	257
TOTAL	380	378	396

Figure 21
Professional trustees and trust companies

Professional trustees and trust companies	
Basic laws and ordinances (www.gesetze.li) Professional Trustees Act (PTA) Due Diligence Act (DDA) Due Diligence Ordinance (DDO) Law on Persons and Companies (PGR)	More detailed information on licences, legal foundations, and supervision www.fma-li.li – Trustees Liechtenstein Institute of Professional Trustees and Fiduciaries www.thk.li

2.9 PERSONS UNDER THE 180a ACT

The activities of persons under the 180a Act include the assumption of board and management mandates under article 180a of the Law on Persons and Companies (PGR).

With the entry into force of the newly created 180a Act on 1 January 2014, the scope of responsibilities of the FMA was expanded considerably, with a focus on strengthening official supervision.

At the end of 2016, 218 persons held a 180a licence (previous year: 226).

	2014	2015	2016
Persons with a licence under the 180a Act	230	226	218

Figure 22
Persons under the 180a Act

Persons under the 180a Act	
Basic laws and ordinances (www.gesetze.li) Law on the Supervision of Persons under Article 180a of the Law on Persons and Companies (180a Act) Due Diligence Act (DDA)	More detailed information on licences, legal foundations, and supervision www.fma-li.li – Persons according to 180a Act Association of Persons under Article 180a PGR vp180a@powersurf.li

2.10 AUDITORS AND AUDIT COMPANIES

As of 31 December 2016, the number of persons with a licence under the AACA was 128 (previous year: 127). This number includes auditors (40), auditors engaged in the free movement of services (39), foreign auditors established in Liechtenstein (3), audit companies (28), and audit companies engaged in the free movement of services (18).

	2014	2015	2016
Auditors	37	37	40
Audit companies	26	28	28
Auditors under the free movement of services	42	40	39
Audit companies under the free movement of services	20	18	18
Auditors established in Liechtenstein	4	4	3
TOTAL	129	127	128

Figure 23
Auditors and audit companies

Auditors and audit companies	
Basic laws and ordinances (www.gesetze.li) Auditors and Audit Companies Act (AACA)	More detailed information on licences, legal foundations, and supervision www.fma-li.li – Auditors Liechtenstein Association of Auditors (WPV) www.wpv.li

2.11 PATENT LAWYERS AND PATENT LAW FIRMS

Patent lawyers and patent law firms offer professional advice and representation in the fields of intellectual property. One of the FMA's responsibilities is due diligence supervision.

As of 31 December 2015, 7 patent lawyers and 3 patent law firms held licences under the Patent Lawyers Act (PLA).

	2014	2015	2016
Patent lawyers	9	7	7
Patent law firms	3	3	3
TOTAL	12	10	10

Figure 24
Patent lawyers and patent law firms

Patent lawyers and patent law firms	
Basic laws and ordinances (www.gesetze.li) Patent Lawyers Act (PLA)	More detailed information on licences, legal foundations, and supervision www.fma-li.li – Patent Lawyers

2.12 OTHER FINANCIAL INTERMEDIARIES

The FMA Liechtenstein is also tasked with due diligence supervision of the following financial intermediaries:

- lawyers and law firms;
- dealers in goods;
- real estate brokers;
- other persons subject to due diligence.

Financial market participants and products supervised by the FMA

Category	2015	2016	Licences issued in 2016	Market exits in 2016
Banking Division				
Banks	16	15	0	1
Investment firms	1	1	0	0
Payment institutions	0	0	0	0
Liechtenstein Postal Service	1	1	0	0
Audit offices under the Banking Act	5	5	0	0
E-money institutions	2	2	0	0
Securities Division				
Asset management companies	117	116	8	9
<i>IUG</i>				
Active management companies (MCs)	15	12	0	3
Domestic investment funds	290	265	16	41
Foreign investment funds	160	129	1	32
Auditing companies	9	10	1	0
<i>UCITSG</i>				
Active management companies (MCs)	13	12	1	2
UCITS	208	203	13	18
<i>AIFMG</i>				
Large AIFMs	12	13	2	1
Small AIFMs	0	0	0	0
Administrators	0	0	0	0
Risk managers	1	1	0	0
Marketing contractors	0	0	0	0
AIFs	12	22	13	3
Insurance and Pension Funds Division				
Insurance undertakings	41	39	1	3
Audit offices under the VersAG	12	11	0	1
Insurance intermediaries	69	68	3	4
Pension schemes	23	22	0	1
Audit offices under the BPVG	15	14	0	1
Pension insurance experts under the BPVG	16	17	1	0
Pension funds	5	5	0	0
Other Financial Intermediaries Division				
Professional trustees	115	139*	2	2
Trust companies	263	257	9	15
Auditors	37	40	5	2
Auditors established in Liechtenstein	4	3	1	2
Auditing companies	28	28	2	2
Patent lawyers	7	7	0	0
Patent law firms	3	3	0	0
Persons with a licence under the 180a Act	226	218	2	10

Figure 25 | Financial market participants and products supervised by the FMA

* Increase due to activation of dormant licences

Financial market participants supervised by the FMA
under the free movement of services

Category	2015	2016
Banking Division		
Free movement of services of EEA banks	218	229
Free movement of services of EEA investment firms	1,865	1,952
Free movement of services of EEA payment institutions	252	273
Free movement of services of e-money institutions	58	89
Free movement of services of EEA-regulated markets	16	16
Branches of EEA investment firms	2	2
Insurance and Pension Funds Division		
Free movement of services of EEA and Swiss insurers	355	355
Branches of Swiss insurers	10	10
Branches of EEA insurers	4	3
Securities Division		
Free movement of services of EEA investment undertakings	118	116
Free movement of services of EEA management companies	13	14
Other Financial Intermediaries Division		
Auditors engaged in free movement of services	40	39
Auditing companies engaged in free movement of services	18	18

Figure 26
*Financial market participants supervised by the FMA
under the free movement of services*

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