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Liechtenstein
Banking & Finance

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This country-specific Q&A provides an overview of banking & finance laws and regulations applicable in Liechtenstein.

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Liechtenstein: Banking & Finance

1. What are the national authorities for banking regulation, supervision and resolution in your jurisdiction?

The Ministry of General Government Affairs and Finance is the competent governmental authority relevant for financial regulation in Liechtenstein and is officially headed by the Prime Minister.

The relevant supervisory authority of Banks is the Financial Market Authority Liechten-stein (FMA). The legal mandate of the FMA is to ensure the stability of the Liechtenstein financial market, the protection of clients, the prevention of abuses and the implementa-tion of and compliance with the recognised international standards (Financial Market Su-pervision Act). The FMA ensures client protection by, inter alia, continuously verifying the liquidity and capital of banks, the appropriateness of risk distribution, and the professional and personal qualifications of persons serving on boards of directors and management.

2. Which type of activities trigger the requirement of a banking license?

Liechtenstein banks, financial holding companies and mixed financial holding companies are regulated by the Liechtenstein Banking Act of 5 December 2024 (BA), in force since 1 February 2025, and the Banking Ordinance (BO). Under the BA the following activities trigger the requirement of a banking license:

a) the acceptance of deposits and other repayable funds (deposit business);

b) the lending of funds to an unspecified group of borrowers (lending business);

c) the custody and administration of financial instruments for others (custody business);

d) the assumption of sureties, guarantees and other liabilities for third parties, provided that the liability assumed is for monetary benefits (guarantee business);

e) the issue, administration and collection of bills of exchange, cheques or traveller's cheques, provided that this does not constitute a payment service as defined in the Payment Services Act (cheque and bill of exchange business);

f) the purchase of bills of exchange and cheques (discounting business);

g) trading for its own account or for the account of third parties in foreign exchange, cheques or bills of exchange (foreign exchange business);

h) the ongoing purchase of claims based on framework agreements with or without recourse (factoring business);

i) the issuance of covered bonds under the European Covered Bond Act; and

j) the execution of on-balance sheet banking transactions.

Liechtenstein has implemented the rules and regulations according to EU standards. Reference is made to the guidelines of the European Banking Authority (EBA).

3. Does your regulatory regime know different licenses for different banking services?

The Liechtenstein Banking Act regulates the licensing requirements for banks and finan-cial institutions. Pursuant to Art. 16 para. 1 BA, companies domiciled in Liechtenstein that intend to conduct banking business on a commercial basis require a license from the FMA. The law does not explicitly distinguish between different types of licenses for differ-ent banking activities. Rather, a single license is required for the commencement of busi-ness as a bank, which allows the bank to carry out the banking transactions defined in the law.

Under certain conditions, an investment firm may also apply for a banking license under the BA. The licensing procedure is the same as that for a bank.

Further, the BA regulates the licensing requirements, conditions and procedure for financial holding companies and mixed financial holding companies, which differ from those for banks.

4. Does a banking license automatically permit

certain other activities, e.g., broker dealer activities, payment services, issuance of e-money?

Banks require a license from the FMA to commence business activities. Banks may carry out the banking business activities listed in the BA on a commercial basis. Banking activities include, for example, accepting deposits and other repayable funds, lending of funds to an unspecified group of borrowers or providing sureties, guarantees and other forms of liability for third parties, provided these are in the form of cash payments. Banks whose license covers the provision of banking activities may also provide securities ser-vices and ancillary services within the meaning of the BA as well as payment services in accordance with the Payment Services Act and issue e-money in accordance with the E-Money Act.

Under the BA each application for a license shall be accompanied by a business plan indicating in particular the type of business envisaged and the organisational structure of the bank. The license issued by the FMA is based on the defined specific business model and scope of services of the business plan and does not automatically cover all bank activities.

5. Is there a "sandbox" or "license light" for specific activities?

Within the scope of the BA, there is no specific sandbox model or licensing light, except for the different licenses as explained above. However, there are specific laws for other financial services such as e-money or payment institutes. Furthermore, Liechtenstein is well known for its “blockchain law”, regulating the registration and ad-hoc supervision of the categories of service providers which provide their services on TT systems (e.g. blockchain). Accordingly, the FMA has established a FinTech competence centre and is known to support and accompany FinTechs during the licensing process as well for its constructive exchange with innovative financial service providers.

6. What regulatory restrictions or authorisation requirements apply to banks engaging in the issuance, custody or provision of services relating to cryptoassets or other digital assets?

As already mentioned above, Liechtenstein is quite known as a crypto and FinTech friendly jurisdiction. The research and development of crypto-based business models and financial solutions are welcome and supported by politics and the FMA.

In Liechtenstein, banks that wish to engage in the issuance, custody or provision of ser-vices relating to crypto assets or other digital assets face a dual regulatory regime consisting of both traditional financial supervision under the BA as well as the crypto specific framework introduced through the EEA's Markets in Crypto Assets Regulation (MiCAR; fully applicable in Liechtenstein since 24 June 2025), implemented into local law via the EWR MiCAR Implementation Act.

The so-called “Blockchain Law” (i.e., the Law on Tokens and TT Service Providers, TVTG) remains in force and coexists alongside MiCAR. It regulates the registration and ad-hoc supervision of TT service providers (e.g. on blockchain systems). AML/CFT supervision for such services is implemented under the Due Diligence Act (DDA) in line with FATF recommendations. TVTG itself is not part of Liechtenstein's financial market law and does not automatically classify TT service providers as financial intermediaries un-less they engage in activities requiring licensing under financial market laws (e.g. Bank Act or investment services). MiCAR governs cross-border activities within the EEA, while TVTG continues to cover areas excluded from MiCAR, in particular non-fungible tokens (NFTs), insofar as they do not qualify as MiCAR crypto-assets. With the entry into force of the EEA MiCAR Implementation Act, TVTG's scope was adjusted so that the two frameworks coexist with clearly delineated application.

For banks, this means that crypto-asset services falling within MiCAR (e.g. custody, trading, transfers, portfolio management) generally require MiCAR authorisation, while activities outside MiCAR's scope (e.g. NFTs, certain civil-law aspects of tokens) remain regulated under TVTG, subject to registration and due diligence obligations.

Finally, transactions in crypto assets that qualify as financial instruments or securities under Liechtenstein or EU law may trigger additional licensing or regulatory requirements under financial market law, such as MiFID II or prospectus rules, further impacting banks' obligations.

7. Can cryptoassets or digital assets constitute "deposits" or equivalent protected funds under applicable law, and are they capable of benefiting from depositor protection, client asset safeguarding or segregation regimes?

The Law on Deposit Guarantee and Investor Compensation at Banks and Securities Companies

defines a “deposit" as a credit balance arising from amounts held in an ac-count or from interim positions in banking transactions under the BA, which the bank is obliged to repay in accordance with applicable legal and contractual provisions, including term deposits and savings deposits.

Since cryptocurrencies are not legal tender and banks are generally under no obligation to repay them in fiat currency, they do not qualify as deposits under the law and are therefore not covered by deposit guarantee schemes.

However, while cryptocurrencies are not protected as deposits, banks and VT-service providers holding crypto-assets on behalf of clients are generally required to safeguard and segregate client assets in accordance with the TVTG and, where applicable, MiCAR, ensuring that customer holdings are kept separate from the institution's own assets.

8. If cryptoassets are held by the licensed entity, what are the related capital requirements (risk weights, etc.)?

The Capital Requirements Regulation (EU) No 575/2013 (CRR) is directly applicable in Liechtenstein. For the regulatory classification of assets and therefore also crypto-assets, Art. 24 No. 1 CRR refers to the “applicable accounting framework". According to Art. 4 para. 1 No. 77 CRR, a distinction must be made in regard to the “applicable accounting framework" as to whether an institution is subject to the IAS Regulation (Regulation (EC) No. 1606/2002) or the Bank Accounts Directive (Directive 86/635/EEC). This means that a distinction must be made between banks that prepare their accounts in accordance with the International Financial Reporting Standards (IFRS) and banks that prepare their accounts in accordance with the nationally implemented provisions of the Bank Accounts Directive (BAD), namely the BA and the BO.

There are no specific IFRS rules for cryptocurrencies. How they are accounted for there-fore depends on the use and economic purpose of the crypto assets held. If a bank holds cryptocurrencies as a long-term investment and does not engage in active trading, they can be accounted for as intangible assets within the meaning of IAS 38.

There are also no specific provisions for cryptocurrencies in national accounting law. Liechtenstein banks that prepare their balance sheets in accordance with the BAD ac-count for their own crypto holdings as intangible assets or financial instruments.

Art. 92 para. 1 lit. a CRR requires institutions to have a Common Equity Tier 1 (CET1) capital ratio of 4.5 %. Art. 36 para. 1 lit. b CRR states that “intangible assets" are to be deducted from CET1. According to Art. 4 (1) no. 115 CRR, the term "intangible assets" has the same meaning in the CRR regime as in the applicable accounting framework. Therefore, both intangible assets within the meaning of IAS 38 and intangible fixed as-sets within the meaning of the Banking Regulation are to be recorded as “intangible as-sets". Consequently, assets held in crypto are also considered intangible assets and must be fully deducted from CET1 in accordance with Art. 36 (1) (b) CRR.

In general, cryptocurrencies are considered high-risk assets, which results in correspondingly high capital requirements for banks holding such assets. In Liechtenstein, crypto-assets classified as intangible assets are fully deducted form CET1, and there are currently no specific national risk weights for cryptocurrencies in bank balance sheets. The specific capital requirements for banks with regard to cryptocurrencies are determined by the FMA, which is guided by international standards.

9. What is the general application process for bank licenses and what is the average timing?

The procedure for obtaining a banking license in Liechtenstein is regulated by the BA and the requirements of the FMA. License applications must be submitted to the FMA, which subsequently assesses the applications to a comprehensive legal and financial review.

The FMA offers a voluntary and preliminary informal review process. Before submitting the application to the FMA, it may be subject to a preliminary review (draft of the definitive license application) without original documents. The application for preliminary review must be structured in the same way and contain the same information and documents as the definitive application. But only significant partial aspects are checked for “red flags" in the preliminary informal review. Upon receipt of the final license application, the FMA is-sues an acknowledgement of receipt confirmation. The license to operate a bank is only granted if all the legal requirements according to the BA (including legal form, registered office, guarantee of proper business activity, articles of association and organisation) are met. If the license is granted, the FMA issues a corresponding decree.

The duration of the approval procedure depends primarily on the conclusiveness and completeness of the information and documents provided within the application. Any refusal must be notified to the applicant within six months of receipt of the application or, if the application is incomplete, within six months of the submission of the required information. In any case, the FMA must decide within twelve months after the receipt of the application. The public fee levied by the FMA for the granting of a license for a bank amounts to CHF 100'000.00.

10. To what extent may foreign or overseas banks conduct cross-border banking activities into the jurisdiction without establishing a local presence or obtaining local authorisation, and what limitations or conditions apply?

As a member of the EEA, Liechtenstein participates in the four economic freedoms (ser-vices, capital, persons, goods) within the EU. As a result, European law heavily influences financial regulation in Liechtenstein. As such, Liechtenstein benefits from Europe-an passporting rights for its financial market companies as well as for its financial market products.

The first-time cross-border activity of an EEA bank in Liechtenstein by way of free movement of services is possible and requires notification to the FMA by the competent home country authority ("passporting"). The FMA closely cooperates with the competent authorities of the other EEA member states within the scope of its supervision.

However, the Liechtenstein BA does not provide for cross-border licenses for banks from non-EEA countries and a general MIFID II third-country passport is currently not availa-ble for such firms. Banks from non-EEA countries must therefore establish a branch in Liechtenstein and obtain a corresponding license.

11. What legal forms are permitted to operate banks in the jurisdiction (e.g. public company, private company, subsidiary or branch), and what are the key regulatory considerations associated with each structure?

Under Liechtenstein law (Banking Act) banks may only be established in the legal form of a stock company (Aktiengesellschaft, AG) or a European company (Societas Europaea, SE). In exceptional cases, the FMA may allow exceptions of other legal forms. The registered office and head office of a bank must be located in Liechtenstein. Banks established as AGs or SEs are subject to full licensing, prudential supervision, capital, governance and risk management requirements by the FMA.

Credit institutions authorised in a Member State of the EEA are, in principle, entitled to carry out their business in other Member States (the "European passport"). Cross-border operations may be conducted either through a branch ("freedom of establishment") or under the freedom to provide services ("freedom to provide services"). The legal frame-work governing the freedom of establishment and the freedom to provide services for credit institutions within the EEA is set out in Articles 33 et seq. of the CRD (Directive 2013/36/EU).

Each structure must obtain a banking license from the FMA and comply with minimum capital requirements, governance and risk management obligations and reporting duties. In addition, institutions are subject to fit-and-proper requirements for members of the management body, qualifying holding and ownership control rules, and, where applicable, resolution planning and deposit guarantee scheme requirements.

12. Does the jurisdiction impose any structural separation or ring-fencing requirements on banks or banking groups, and what practical challenges do these create for group structures and operations?

Liechtenstein does not impose specific "ring-fencing" or structural separation requirements for banks or banking groups.

Banks in Liechtenstein are regulated under the EEA supervisory framework (including CRR/CRD requirements) and the BA, with a focus on overall financial stability, capital adequacy and liquidity requirements. While the BA and prudential rules require banks to consider organisational safeguards, such as separation of certain functions (Art. 71 BA), there is no standalone legal obligation to structurally separate business lines or to ring-fence retail banking operations as a distinct category. Rather than an explicit structural separation regime, the supervisory authorities rely on prudential regulation, governance and risk management tools to mitigate risk and safeguard financial stability.

Practically, this means that banking groups must ensure effective internal organisation, clear lines of responsibility, and robust risk management across business units, which can create operational and

reporting challenges, particularly in large or diversified groups.

13. What governance, risk management and internal control requirements apply to banks, including expectations regarding board composition, management oversight, committee structures and organisational culture?

In general, banks must have a proper internal organisation, whereas organisational requirements for banks are related to the size of the bank, the nature of the business activities and the services provided.

Pursuant to the BA, banks must be organised according to their scope of business and require:

a) a board of directors consisting of at least three members for the overall management, supervision and control;

b) a management board responsible for the operational business consisting of at least two members who are jointly responsible for their activities and who may not be members of the board of directors at the same time;

c) an internal audit department reporting directly to the board of directors;

d) a permanent and effective independent compliance function, which monitors the persons responsible for the provision of services with respect to compliance with the law;

e) a risk management system independent of operations;

f) appropriate procedures for employees to report violations of the BA and CRR.

g) clearly defined responsibilities and reporting lines within all business units, ensuring accountability and segregation of duties.

Key personnel must be fit and proper, sufficiently qualified in terms of education, experience and professional competence in the sector, and of good repute. Persons designated for the board of directors, senior management, or the head of internal audit of a bank may only assume their functions after the FMA has assessed that they meet the person-al and professional requirements and has granted the corresponding approval. For banks of significant importance, this requirement also applies to all other holders of key functions.

In addition, banks that are of significant importance due to their size, internal organisation and the nature, scope and complexity of their business shall establish a risk committee, a nomination committee, a remuneration committee and an audit committee.

Shareholders with qualifying holdings must comply with the interest of ensuring the sound and prudent management of the Bank. Further details regarding the bank's organisation are provided by law and regulatory guidelines. Lower regulatory requirements and approval standards may apply if an investment firm license with a limited spectrum of ser-vices is obtained instead of a full banking license.

Liechtenstein banks are subject to robust governance, risk management, and internal control requirements, focusing on board and management oversight, committee structures, independent control functions, and a strong organisational culture, in line with both national law and EEA prudential standards.

14. What operational resilience requirements apply to banks, including expectations relating to critical or important business services, impact tolerances, and the management of operational disruptions?

In Liechtenstein, operational resilience requirements for banks are primarily derived from the EU regulatory framework, which Liechtenstein applies through its membership in the EEA, and are supervised by the FMA.

The key requirements are set out in the Digital Operational Resilience Act (DORA) and relevant EBA Guidelines, in particular on ICT and security risk management, internal governance and outsourcing arrangements. With the introduction of FMA Guideline 2021/3, Liechtenstein has already sought to harmonise the requirements with regard to ICT risks. In view of the applicability of DORA in Liechtenstein from 1 February 2025, amendments were also made to FMA Directive 2021/3, which will enter into force on the same date. The basis for DORA in Liechtenstein is the Digital Operational Resilience Implementation Act.

Banks must identify their critical or important business services and map the underlying processes, ICT assets, data, and third-party dependencies. This mapping supports the identification of vulnerabilities and concentration risks, in line with DORA and the EBA Guidelines on ICT and security risk management.

For these services, banks are required to define impact

tolerances, specifying the maxi-mum tolerable level of disruption (e.g. downtime or data loss) before unacceptable harm occurs. Under DORA, impact tolerances must be measurable, documented, and used as a basis for operational resilience testing.

Banks must maintain effective business continuity and disaster recovery arrangements, including incident detection and escalation, crisis management, internal and external communication, and post-incident remediation. DORA further requires incident reporting and scenario-based testing using severe but plausible disruption scenarios.

Operational resilience expectations also place strong emphasis on ICT risk management and third-party risk, including critical outsourcing arrangements. In line with DORA and the EBA Guidelines on outsourcing arrangements, banks must ensure appropriate governance, contractual safeguards, and ongoing oversight of ICT third-party providers. Banks are also expected to foster a culture of operational resilience, with clear roles, responsibilities, and accountability for the management of operational risks. Banks are expected to implement a risk-based oversight framework for critical third-party providers, including cloud service providers, ensuring that service continuity, security, and data protection obligations are effectively managed.

The FMA Liechtenstein applies a proportionate, risk-based supervisory approach, taking into account the size, complexity, and risk profile of each bank.

15. What regulatory expectations apply to banks' outsourcing arrangements, including the use of cloud service providers and reliance on critical third-party service providers?

The outsourcing of functions or activities must be in line with Art. 76 BA in conjunction with Articles 14 et seq. BO and must comply with the guidelines on outsourcing (EBA/GL/2019/02) of the EBA as well as Regulation (EU) No. 2022/2554 (DORA) for outsourcing in the area of information and communication technology. The use of cloud service providers is considered ICT outsourcing under DORA and is therefore subject to the same regulatory requirements. Functions defined as "critical or important functions" pursuant to Art. 92 BA in conjunction with Articles 14 et seq. BO may be outsourced, but only after prior notification to the FMA. Outsourcing arrangements with critical third-party service providers, including critical ICT providers under DORA, must ensure that the bank retains effective oversight and that the provider meets all regulatory requirements. Outsourcing of internal auditing is only permitted with the approval of the FMA. The over-all direction, supervision and control of the bank by the board of directors and the core management duties may not be outsourced. The bank is required to act with due diligence when selecting and instructing an outsourcing provider and must have appropriate resources to adequately monitor the outsourcing provider on a continuing basis.

Furthermore, when outsourcing functions or activities, banks must also comply with the data protection requirements applicable within the EEA, namely the GDPR as well as the relevant national Data Protection Act (DSG). A data processing agreement (DPA) in accordance with Article 28 of the GDPR is required to govern the scope of processing, security measures, sub-processing and compliance obligations.

Bank secrecy remains fully binding even in the context of outsourcing, and the bank must ensure compliance through contractual, organisational, and technical measures.

16. How do environmental, social and governance (ESG) and climate-related regulatory requirements affect banks, including governance, risk management, disclosures and prudential supervision?

Sustainability has long been a key priority for Liechtenstein and its banking sector and, alongside stability and quality, forms one of the three pillars of the "Roadmap 2025" future strategy. In this context, the Liechtenstein Bankers' Association (LBV) joined the international network Financial Centres for Sustainability (FC4S) in April 2018, launched under the Italian G7 Presidency and UN Environment.

Financial market participants in Liechtenstein are required to establish a sustainability strategy that integrates sustainability risks and factors into their business strategy and governance principles. Boards and senior management must oversee ESG strategy and define the bank's risk appetite with respect to sustainability risk. ESG considerations should be embedded in the bank's governance, guiding how decisions are made, responsibilities are allocated, and executive compensation is linked to sustainability objectives.

Banks are expected to identify, monitor, and mitigate ESG and climate-related risks, including physical, transition, and reputational risks, within their overall risk

management framework. This also includes integrating ESG considerations into internal controls, stress testing, scenario analysis, and risk reporting frameworks to ensure that sustainability risks are appropriately quantified and managed. Banks should ensure that sustainability risks are embedded into business strategy, operational processes, and capital planning.

Banks must provide transparent disclosures covering ESG policies, risk exposure, and mitigation measures. These disclosures should comply with the EU Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy, and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and should include information on ESG governance, strategy integration, and risk management practices.

The FMA Liechtenstein, as the competent supervisory authority, oversees the implementation of ESG and climate-related requirements. In its supervisory role, the FMA seeks to conduct oversight in a manner that supports the transformation toward a sustainable financial centre, taking into account political sustainability objectives such as the UN Sustainable Development Goals (SDGs).

Banks must manage sustainability risks proactively and transparently, in alignment with EEA law, international standards, and Liechtenstein's strategic commitment to sustainable finance. This includes embedding ESG risks into overall risk governance, business strategy, and capital planning processes.

17. What regulatory restrictions or requirements apply to banks' remuneration policies, including bonus caps, deferral, malus and clawback, and how are these enforced in practice?

In Liechtenstein banks' remuneration policies are governed primarily by the BA, BO and the EEA framework (CRD IV/CRR). These rules implement risk-sensitive remuneration requirements for banks, aligned with European Union standards.

In defining and applying the overall remuneration policy, the bank must apply the principles set out in the BA in a manner and to an extent appropriate to its size, internal organisation, and the nature, scope, and complexity of its activities. Banks must establish a remuneration policy consistent with sound and effective risk management (Art. 83 BA et seq.).

Bonus caps: Banks set appropriate ratios between the fixed and variable components of total remuneration. Variable remuneration is capped at 100 % of fixed salary (up to 200 % with shareholder approval). A substantial portion, and in any event at least 50%, of the variable remuneration must consist of the following components, in an appropriate balance: shares or equivalent ownership interests of the bank, or share-linked instruments, or equivalent non-cash instruments; and additional Tier 1 instruments, or Tier 2 capital instruments.

Defferal: A substantial portion of the variable remuneration, amounting to at least 40%, is deferred over a period of four to five years and is aligned with the nature of the business, its risks, and the activities of the relevant employee. For members of the board of directors and senior management of banks of significant importance, the deferral period must be at least five years.

Malus and Clawback: Variable remuneration, including any deferred portion, is paid out or vested only if it is sustainable considering the bank's overall financial situation and justified by the bank's performance as well as the performance of the relevant business unit and the individual concerned. Additionally, banks are required to implement malus and clawback mechanisms covering up to 100% of variable remuneration, enabling the bank to reduce, withhold, or recover variable remuneration if the employee's performance de-clines or if adverse events arise, such as misconduct, regulatory breaches, or poor financial outcomes occurring after the remuneration has been awarded. Banks must define specific criteria for the application of malus and clawback mechanisms.

The FMA Liechtenstein supervises compliance with remuneration requirements, including bonus caps, deferral, malus, and clawback mechanisms. The FMA may take enforcement measures, such as recommendations, restrictions on policies, or other supervisory interventions if remuneration practices are not aligned with risk management or statutory requirements.

18. Has your jurisdiction implemented the Basel III framework with respect to regulatory capital? Are there any major deviations, e.g., with respect to certain categories of banks?

Liechtenstein, being part of the EEA, has implemented and fully complies with the CRD IV/CRR framework, which reflects the Basel III standards. The CRD has been trans-posed into national law, in particular into the BA and BO, and the CRR (EU) No 575/2013 as well as the associated implementing and delegated acts are legally binding and ap-plied accordingly. As part of the EEA, EU legislation

that has been included into the EEA Acquis, is either directly applicable or is transposed into Liechtenstein law. Amendments introduced under the CRR II/CRD V package and the subsequent CRR III/CRD VI re-forms implementing the final Basel III standards are likewise incorporated into the EEA framework and become binding in Liechtenstein upon inclusion in the EEA Agreement. There are no material national deviations from the Basel III capital framework. However, the proportionality principle applies, meaning that certain requirements may be applied in a simplified manner to smaller or less complex institutions, as provided under EU law and reflected in the national implementing legislation. Further, the FMA regularly follows guidance by European regulators (such as the European securities and markets authority (ESMA) or the European banking authority (EBA)).

19. Are there any requirements with respect to the leverage ratio?

Compare the answer above under section 18. The CRR, including its leverage ratio pro-visions, is incorporated into the EEA Agreement and is therefore directly applicable in Liechtenstein. The leverage ratio is a binding requirement of at least 3% of Tier 1 capital over the total exposure measure (Art. 92(1)(d) CRR). Institutions must calculate, report and disclose their leverage ratio in accordance with the CRR and the related implement-ing technical standards (ITS) issued by the EBA. Liechtenstein has not introduced mate-rial national deviations from the EU leverage ratio framework.

20. What liquidity requirements apply? Has your jurisdiction implemented the Basel III liquidity requirements, including regarding LCR and NSFR?

See the answers above under section 18. Institutions must maintain a sufficient stock of high-quality liquid assets (HQLA) to cover total net cash outflows over a 30-day stress period, in accordance with Art. 412–429 CRR. The minimum requirement is currently set at 100 %, meaning banks must hold HQLA equal to or greater than projected net out-flows under stress conditions. Institutions are required to maintain a stable funding profile over a one-year horizon (Art. 428a–428d CRR), ensuring that available stable funding (ASF) is at least equal to required stable funding (RSF). This requirement complements the short-term LCR by addressing structural liquidity risks. Liechtenstein has not intro-duced material national deviations from these EU/EEA liquidity standards.

21. Which different sources of funding exist in your jurisdiction for banks from the national bank or central bank?

Liechtenstein does not have its own national bank or central bank. Instead, the country's banks have close ties to Switzerland's financial system, in particular the Swiss National Bank (SNB). There is the possibility of refinancing via the SNB as a source of funding for Liechtenstein banks. Liechtenstein banks operating in Switzerland can participate in the SNB's money market through subsidiaries or branches.

This includes repo transactions or lombard loans, in which banks obtain secured loans against de-posited securities.

22. Do banks have to publish their financial statements? Is there interim reporting and, if so, in which intervals?

Yes, banks have to prepare and publish an annual report, an annual disclosure report and, if applicable a consolidated annual report and a cash flow statement. Banks and in-vestment firms with a balance sheet total of at least CHF 100 million must also prepare interim financial statements every six months.

23. Does consolidated supervision of a bank exist in your jurisdiction? If so, what are the consequences?

In Liechtenstein, there is consolidated supervision of banks. This is exercised by the FMA in accordance with European and international requirements. Consolidated supervision is based on the BA, the CRD IV package and the MIFID II framework.

24. What reporting and/or approval requirements apply to the acquisition of shareholdings in, or control of, banks?

Any intended direct or indirect acquisition or disposal of a qualifying holding in a bank, as well as any intended direct or indirect increase or reduction of a qualifying holding resulting in the acquirer holding 20%, 30%, or 50% or more of the capital or voting rights of the bank, or causing the bank to become a subsidiary of an acquirer or to cease being a subsidiary of the seller, must be

reported in writing and without delay to the FMA by the person or persons interested in the acquisition or disposal.

The shareholder who holds a qualifying holding must comply with the interest of ensuring the sound and prudent management of the bank. Therefore, the FMA examines the suit-ability and financial soundness of an interested acquirer in a qualifying holding, taking into account also the likely influence of the interested acquirer on the bank. The FMA may object, if the influence of the acquirer could impair the prudent and sound management of the bank. If a shareholding is acquired or increased despite the objection of the FMA, the voting right of the acquirer may not be exercised until the objection has been amended or revoked by appeal or the objection has been withdrawn by the FMA. A vote cast despite an objection shall be null and void.

If shares of the bank are admitted to trading on a regulated market, the bank shall inform the FMA at least annually about the identity of the qualifying shareholders known to it and the amount of such holdings.

25. Does your regulatory regime impose conditions for eligible owners of banks (e.g., with respect to major participations)?

Yes. The FMA examines the suitability and financial soundness of an interested acquirer in a qualifying holding according the process described above. The examination includes inter alia the following aspects:

a) the identity of the proposed acquirer;

b) the shareholder structure and beneficial owners;

c) the good repute and experience of the proposed acquirer;

d) the financial soundness of any person who, as a result of the acquisition or in-crease, will direct the bank;

e) the potential risks with regard to compliance with regulatory requirements and effectiveness of supervision and exchange of information with competent authorities;

f) the potential risks with regard to money laundering or terrorist financing.

The FMA may impose conditions on the acquirer, require remedial measures, or refuse approval if any of these criteria are not met. This ensures that major shareholders or controllers are fit and proper, capable of managing the bank prudently, and do not pose risks to the stability of the financial system.

26. Are there specific restrictions on foreign shareholdings in banks?

See the answers 24 and 25. No additional specific restrictions apply.

27. Is there a special regime for domestic and/or globally systemically important banks?

With regard to systemically important institutions, Liechtenstein applies the EEA-harmonised framework under CRD V. The FMA may designate institutions as other systemically important institutions (O-SIIs) based on criteria such as size, importance for the domestic and EEA economy, cross-border activities and interconnectedness (Art. 102 BA). O-SIIs are subject to additional supervisory measures, in particular the imposition of an O-SII capital buffer pursuant to the CRD framework as implemented into Liechtenstein law.

At present, Liechtenstein does not host any globally systemically important institutions (G-SIIs). Should an institution be designated as a G-SII under the EEA framework, additional capital buffer requirements and enhanced supervisory measures would apply in accordance with CRD V (Art. 101 BA).

The FMA is required to review the classification of groups or banks as G SIIs and O SIIs, and in the case of G SIIs, additionally the assignment to the respective subcategories, on an annual basis, and to report the results of this review to the Government and the Financial Market Stability Committee. The results of this review must also be submitted to the European Systemic Risk Board (ESRB) and to the groups or banks classified as G SIIs or O SIIs.

28. What are the sanctions the regulator(s) can order in the case of a violation of banking regulations?

In case of violation of banking regulations, the FMA, as the competent authority, is obliged and authorised by law to issue orders and take supervisory measures, which can include the issuance of instructions, temporary prohibitions on activities, sanctions against management or key function holders, and ultimately the revocation, expiry, or withdrawal of the license and the dissolution of a bank.

To fulfil its supervisory responsibilities, the FMA may request from banks subject to the BA, and their respective audit firms, any information or documentation necessary for the enforcement of the law. The FMA may also initiate or conduct extraordinary inspections.

Further sanctions, such as fines – and in the case of serious violations – imprisonment of up to three years, depend on the type of violation and are imposed by the FMA in administrative proceedings or, for criminal offences, by the Liechtenstein Princely Court of Jus-tice.

Additionally, the FMA can impose administrative fines directly for breaches of prudential obligations under BA or CRR/CRD and may take precautionary or remedial measures, such as requiring the bank to hold additional capital, implement corrective action plans, or restrict distributions until compliance is restored. Furthermore, the FMA is authorised to issue decisions, injunctions, orders to cease or refrain from certain actions, and declaratory orders, and may publicly disclose legally binding decisions and orders.

29. How active are banking regulators in enforcement against banks and senior individuals, and what recent trends can be observed in supervisory or enforcement action?

The Financial Market Authority (FMA) of Liechtenstein actively enforces banking law, tak-ing supervisory and enforcement action against banks and, in serious cases, against senior individuals or key function holders. Measures include fines, licence revocations, administrative proceedings, and other corrective or precautionary measures such as or-ders to implement action plans, restrict distributions, or increase capital.

Recent trends show a focus on anti money laundering (AML) compliance, sanctions, risk management, corporate governance, and the internal control framework, with enforce-ment increasingly used as a proactive supervisory tool to safeguard the integrity and sta-bility of the financial sector. There is also a noticeable emphasis on cross border coordination and reporting, reflecting Liechtenstein's adherence to EEA and international standards.

30. How are client's assets and cash deposits protected?

In accordance with EU directives, Art. 11 BA contains provisions for safeguarding bank deposits and protecting investors. The law requires banks and other financial service providers to belong to a protection institution in accordance with the Deposit Guarantee and Investor Compensation Act (EAG).

In 2001, the LBA decided to implement an autonomous solution and established the De-posit Guarantee and Investor Protection Foundation of the Liechtenstein Bankers Association (EAS), later reorganised and renamed as Deposit Guarantee and Investor Compensation Foundation PCC (Einlagensicherungs- und Anlegerentschädigungsstiftung SV, EAS), after the institution had been extended to also cover other financial intermediaries. The majority of regulated financial institutes in Liechtenstein has joined the EAS. The scheme covers client deposits up to CHF 100'000.00 per depositor per bank, in line with EU standards. The EAS/PCC collects contributions from member banks and pays out to customers in the event of a member's insolvency, in accordance with the statutory procedures set out in the EAG.

31. What recovery and/or resolution planning obligations apply to banks, and how are recovery and/or resolution plans reviewed and assessed by supervisory authorities?

Liechtenstein has implemented the EU Directive 2014/59/EU, known as the Bank Recovery and Resolution Directive (BRRD), into national law through the Reorganisation and Resolution Act (SAG). The SAG provides the legal framework for the reorganisation and orderly resolution of credit institutions and investment firms in Liechtenstein.

Recovery plan: Banks must maintain recovery plans detailing measures to restore financial stability in severe stress, including capital and liquidity measures, restructuring strategies, and identification of critical functions. Plans must be approved by the board and updated regularly. The FMA shall review the recovery plan within six months of its sub-mission. The FMA shall submit the recovery plan to the resolution authority. The resolution authority may review the recovery plan to identify measures within it that could adversely affect the resolvability of the institution and provide recommendations to the FMA in this regard. The resolution authority is a separate organisational unit within the FMA, which is operationally fully independent.

Resolution plan: The resolution authority shall draw up a resolution plan for each institution established in Liechtenstein that is not part of a group subject to consolidated super-vision. The resolution plan shall set out the resolution actions that the resolution authority

may take if the institution meets the conditions for resolution. Before drawing up the resolution plan, the resolution authority shall consult the FMA and the resolution authorities of the states in which significant branches affected by the resolution plan are located. The resolution plan shall consider relevant scenarios and identify the assets that are like-ly to be eligible as collateral. The resolution plan must be reviewed at least annually and updated where necessary.

32. Does your jurisdiction know a bail-in tool in bank resolution and which liabilities are covered? Does it apply in situations of a mere liquidity crisis (breach of LCR etc.)?

With the SAG (see section 31), Liechtenstein has introduced a bail-in tool that enables the FMA, as the resolution authority, to use according to Art. 55 SAG the bail-in tool for any of the following purposes:

a) to recapitalize a qualifying institution to an extent sufficient to restore it to compliance with the conditions for authorisation (to the extent those conditions apply to the entity) and to carry on the activities for which it is authorized under Directive 2013/36/EU or Directive 2014/65/EU (to the extent the entity is authorised under those Directives) and to maintain sufficient market confidence in the institution or entity; or

b) to convert into equity – or reduce the nominal value – of the receivables or debt instruments being transferred:

1. to a bridge institution for the purpose of providing capital to the bridge institution; or
2. under the instrument of sale of business or the instrument of spin-off of as-sets.

The aim is to stabilise the bank, avoiding a significant adverse effect on financial stability, the protection of public funds, the protection of depositors and investors and client funds and assets. The bail-in tool generally applies to all of a bank's unsecured liabilities, with some exceptions provided by law.

The legal consequences of a liquidity shortfall, on the other hand, are governed by the CRR resp. the BA, according to which the FMA has special powers in such cases. Bail-in measures are therefore only applied in cases of solvency or serious capital shortfalls, and do not apply in the event of a temporary liquidity shortage such as a breach of the LCR.

33. Is there a requirement for banks to hold gone concern capital ("TLAC")? Does the regime differentiate between different types of banks?

As already mentioned, Liechtenstein has transposed the CRD IV/CRR framework as well as the BRRD, which include the TLAC standard, into national law.

The TLAC is a capital requirement to be met by global systemically important institutions (G-SIIs) to ensure their loss absorbency. According to Art. 3 para. 1 No. 64 BA, globally systemically important institutions are G-SIIs as defined in Art. 4 para. 1 No. 133 of Reg-ulation (EU) No. 575/2013 (the correct reference here would be to Regulation (EU) No. 2013/36). The MREL pursues the same objectives as the TLAC standard, but is broader in scope in that it also applies to CRR credit institutions and investment firms, not just to G-SIIs and thus to systemically important institutions.

34. Is there a special liability or responsibility regime for managers of a bank (e.g. a "senior managers regime")?

In Liechtenstein, there is no specific “senior manager regulation" as in some other countries, but the responsibility and liability of senior managers, in particular with regard to banking supervision and risk management, are regulated in the BO.

The main points are:

a) Responsibility for risk management: The BO requires banks to establish an independent risk management function. This function must report directly to the bank's senior management and board of directors and is essential for monitoring and managing risks. The head of this risk management function has a special responsibility and must hold a senior management position.

b) Risk committee: Banks must have a risk committee composed of members of the board of directors. These members may not perform any operational functions within the bank and must have sufficient knowledge and expertise to over-see and advise on the bank's risk strategy.

c) Liability of directors: The BA also provides that directors and other officers of a bank may be held liable for breaches of duty, in particular for failure to comply with supervisory and due diligence obligations. They are responsible for the proper management of the bank and for compliance with regulatory requirements.

In addition, in other countries (e.g. Switzerland), efforts are being made to introduce a “senior manager regulation" that also addresses the accountability and liability of senior managers in banks, including measures such as compensation guidelines, clawback rights and liability in the event of misconduct. This trend may also influence regulation in Liechtenstein in the long term.

In summary, Liechtenstein does not have an explicit “senior manager regulation" as in some other countries, but the banking laws do establish clear responsibilities and liabilities for senior management, particularly with regard to risk management and corporate governance.

35. What regulatory, supervisory or market developments are likely to have the most significant impact on the banking sector in the jurisdiction over the next 12 to 18 months?

Trends in bank regulation are generally and mainly influenced by the respective EU legislation, which is or will be implemented in the EEA acquis and must therefore be trans-posed into national law in Liechtenstein.

Despite Liechtenstein's limited geographic dimension, the financial centre has always had an international orientation. Clearly, globalisation has already and will further influence bank regulation, since Liechtenstein is committed to international standards. On the other hand, Liechtenstein's banking sector is focused on private banking, which of course has an influence on the FMA's actual supervisory activity.

In Liechtenstein, several developments are expected to have a significant impact on the banking sector in the near term:

Revised banking regulatory framework

Liechtenstein has made significant progress in banking regulation to stabilise and align the financial sector with international standards. A key step was the comprehensive re-form of the Liechtenstein BA, which introduced a clear separation between banking and investment firm supervision and reduced the complexity of the legal framework for banks and created a modern framework for the exercise of banking activities. The BA was sys-tematically and conceptually aligned with the EEA legal principles for banking supervision and entered into force on 1 February 2025. This will primarily influence the practical im-plementation of licensing, governance, prudential requirements and risk management processes within banks over the next 12 to 18 months.
At the same time, new laws such as the Securities Firm Act (WPFG), the Securities Ser-vices Act (WPDG) and the Trading Place and Exchange Act (HPBG) were adopted. These measures promote the development of the capital market and increase the attractiveness of the financial center.

Implementation of EEA MiCAR

Banks offering crypto-asset services must align with the new regulatory framework under the EWR-MiCAR Implementation Act, including licensing, governance, prudential and AML obligations. Liechtenstein maintains a dual regime with MiCAR and TVTG continuing to apply to areas outside MiCAR's scope, notably non-fungible tokens and other civil-law token structures, reflecting ongoing legal developments affecting digital assets and to-kenisation.

Digital Operational Resilience Act (DORA)

The EEA implementation of DORA (Digital Operational Resilience Act) became applicable in Liechtenstein as of 1 February 2025 and introduces extensive requirements for ICT risk management, cyber incident reporting, digital resilience testing and third party ICT risk management. Banks will need to align processes and systems with these digital resilience standards.

AML/CFT evolution and international standards

Liechtenstein is expected to continue aligning with evolving anti money laundering and counter terrorist financing (AML/CFT) frameworks, including EU directives and FATF standards, raising compliance expectations for banks.

Ongoing supervisory focus and implementation

The FMA will progressively interpret and implement these new regimes in practice, including licensing under MiCAR, supervisory reviews, and integration with prudential and conduct requirements, thus affecting banks' operational and compliance priorities. The focus over the next 12 to 18 months will be on practical adaptation and integration of these new regulatory requirements into banks' daily operations.

Furthermore, and as already mentioned in our answers to questions 5 and 6 above, FinTech and digitalisation in general remain topical matters.

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