



IFIAR 2018 Member Profile –FMA

<p><b>1. Jurisdiction</b></p>	<p><b>1.1 Insert the name of the jurisdiction in English:</b></p> <p>Liechtenstein</p>
<p><b>2. Member<sup>1</sup></b></p>	<p><b>2.1 Insert the name of the Member, both in the local language and in English:</b></p> <p>Finanzmarktaufsicht (FMA) Liechtenstein Financial Market Authority (FMA) Liechtenstein</p> <p><b>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</b></p> <p>Landstrasse 109 P.O. Box 279 9490 Vaduz Liechtenstein Phone: +423.236.7373 Fax: +423.236.7376</p> <p>FMA website: <a href="http://www.fma-li.li">www.fma-li.li</a></p> <p><u>Contact persons:</u></p> <ul style="list-style-type: none"> <li>• Werner Meyer, Head of DNFBP Division, Member of the Executive Board, E-Mail: <a href="mailto:werner.meyer@fma-li.li">werner.meyer@fma-li.li</a></li> <li>• Christian Hlavica, Head of Inspection Unit, Supervision Section, DNFBP Division, E-Mail: <a href="mailto:christian.hlavica@fma-li.li">christian.hlavica@fma-li.li</a></li> </ul> <p><b>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</b></p> <p>The FMA is the independent, integrated financial market supervisory authority in Liechtenstein, which is mandated to safeguard the stability of the Liechtenstein financial market, for the protection of clients, the prevention of abuse, and the implementation of, and compliance with, recognized international standards (Art. 3 and 4 Financial Market Supervisory Act / Finanzmarktaufsichtsgesetz – FMAG, Official Gazette 2004, No. 175).</p>

<sup>1</sup> In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.



	<p>The FMA is entrusted with the prudential supervision of all Liechtenstein financial institutions, including banks, investment undertakings, asset management companies and insurance firms. The FMA is also responsible for the licensing and the AML/CFT supervision of several Designated Non-Financial Businesses and Professions (DNFBPs), such as auditors and audit companies, professional trustees, lawyers and others.</p> <p>Liechtenstein has implemented the Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC. The directive has been transposed into national law by the enactment of the Law of 25 November 2010 (Official Gazette 2011, No. 6) amending the Law on auditors and audit firms (Gesetz über Wirtschaftsprüfer und Revisionsgesellschaften – WPRG).</p> <p>The FMA is directly responsible for public supervision of the audit profession and audit regulation in the Principality of Liechtenstein.</p> <p>According to the WPRG the FMA’s remit comprises the following areas:</p> <ol style="list-style-type: none"> <li>(1) Licensing and registration of auditors and audit firms (Art. 1b, 6a, 32, 42 WPRG);</li> <li>(2) Admittance for professional examinations and aptitude tests (Art. 4, 35 WPRG);</li> <li>(3) Revocation of licenses (Art. 21, 22 WPRG);</li> <li>(4) Disciplinary supervision (Art. 14 WPRG);</li> <li>(5) Quality assurance with respect to statutory audit engagements (Art. 12b, 12c, 12d WPRG); and</li> <li>(6) Administrative and judicial assistance in international matters of audit oversight (Art. 45b WPRG).</li> </ol> <p>The FMA is entitled to conduct inspections, to give legally binding instructions to restore an orderly situation and to impose disciplinary as well as prudential sanctions.</p> <p><b>2.4 Have there been any major changes to the Member’s organization or to the governing legislation since completing last year’s Member Profile?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p> <p>n/a</p>
<p><b>3. Governing Body Composition and</b></p>	<p><b>3.1 Describe with an appropriate level of detail the current composition of the Member’s governing body, including the ratio</b></p>



<p>members</p>	<p>between Board members who are independent from the audit profession and those who are not<sup>2</sup>. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</p> <ul style="list-style-type: none"> <li>• Prof. Dr. Roland Müller, Chairman (Attorney at Law, Müller Eckstein Attorneys at Law, Staad)</li> <li>• Michèle Borgeaud, Vice Chairman (Business Consultant, mbcc – Michèle Borgeaud Coaching &amp; Consulting, Altendorf)</li> <li>• Dr. Ivo Furrer, Member (Lawyer, CEO Swiss Life, Zurich)</li> <li>• Jürg Meier, Member (Financial Consultant, LMM Investment Controlling AG, Schaan)</li> <li>• Dr. Michael Ritter, Member (Attorney at Law, Partner Ritter &amp; Ritter, Vaduz)</li> </ul> <p>Independent Board member ratio: 100%</p>
	<p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</b></p> <p>According to Art. 4 of the Public Company Control Act (Öffentliche-Unternehmen-Steuerungs-Gesetz – ÖUSG, Official Gazette 2009, No. 356) the Government of the Principality of Liechtenstein appoints the Board of Directors. The Board consists of a maximum of five members who are appointed for a term of office of five years.</p> <p>In accordance with Art. 7 Sec. 5 and Art. 15 FMAG the members of the Board are supposed to be of good reputation and the majority of them may not be allowed to fulfill a task at individual and legal persons which are financial intermediaries under supervision of the FMA (Art. 5 FMAG).</p> <p>The members of the Board must be persons of expert knowledge.</p>
	<p><b>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p>
	<p><b>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</b></p> <p><input type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p>n/a</p>

<sup>2</sup> An individual is independent of the profession even if he is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



	<p><b>3.5 If the answer to question 3.3 is “No”, which safeguards are in place to provide for the Member’s overall independence from the audit profession?</b></p> <p>In case that question 3.3 would be “No”: Subject to Art. 3 FMAG the FMA is independent in the performance of its duties and not bound by any instructions. Members of the governing body shall disclose any conflicts of interest to the Chairman. The governing body decides whether the member concerned shall not be present either at the discussion of the respective issue or the vote on it (Art. 11 Public Company Control Act).</p> <p><b>3.6 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p> <p>Within the meaning of Art. 12 of the Commission Recommendation of 6 May 2008 on external quality assurance for statutory auditors and audit firms auditing public interest entities (2008/362/EC) the FMA ensures an appropriate control avoiding conflicts of interest (cooling off). Incidentally Art. 11 Public Company Control Act shall apply. In the course of the transposition of Art. 2 No. 15 EU-Directive 2006/43/EG (amended by Directive 2014/56/EU) into national law and corresponding to Art. 21 sub sec. 3 of the Regulation (EU) No. 537/2014 the cooling off period shall be three years.</p>
	<p><b>3.7 Other than the governing body, are members of the profession involved in the Member’s organization (e.g., in a management or inspection function)?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe their role with an appropriate level of detail:</b></p> <p>n/a</p>
<b>4. Funding Arrangements</b>	
<p><b>4. Funding Arrangements</b></p>	<p><b>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</b></p> <p>The FMA has a stable source of funding, which is secure and free from influence by auditors and audit firms and sufficient to execute its powers and responsibilities. The funding is based on the following sources:</p> <p>(1) Art. 29 FMAG: State contribution of the Principality of Liechtenstein (Staatsbeitrag);</p>



	<p>(2) Art. 30a FMAG: Annual supervision fees (Aufsichtsabgaben);</p> <p>(3) Art. 30 FMAG: Fees e.g. for issuing official decrees or examination admittances (Gebühren); and</p> <p>(4) Art. 30 FMAG: Fees for rendering services (Gebühren).</p> <p>The annual budget of the FMA is subject to approval by the Government of the Principality of Liechtenstein (Art. 30a Sec. 7 FMAG). The amount of the state contribution is regulated by law (Art. 29 Sec. 1 FMAG).</p> <p><b>4.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p> <p>Subject to the legal provisions as described above (see Sec. 4.1) the funding is strictly based on fee initiating events which cannot be influenced by the profession.</p>
<p><b>5. Inspection System</b></p>	<p><b>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight:</b></p> <p>n/a</p> <p><b>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></p> <p>The FMA has direct and exclusive responsibility for the oversight of auditors and audit firms and for the corresponding inspections. The FMA will start its inspections in 2013 directly with its own full time staff and will not rely on other bodies.</p> <p>Within the meaning of Art. 12 of the Commission Recommendation of 6 May 2008 on external quality assurance for statutory auditors and audit firms auditing public interest entities (2008/362/EC) the FMA ensures an appropriate control avoiding conflicts of interest (cooling off).</p> <p>Based on the Directive 2006/43/EC which has been transposed into national law all statutory auditors and audit firms are subject to a system</p>





	<p><b>other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</b></p> <p>As described above (see Sec. 2.3) and based upon the provision of Art. 1b, 6a, 32 and 42 WPRG the FMA has the responsibility for direct registration and licensing.</p>
	<p><b>7.3 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</b></p> <p><input type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>n/a</p>
	<p><b>7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education of Auditors conducted by another organization?</b></p> <p><input type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>n/a</p>
	<p><b>7.5 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Referral</p> <p>The FMA also exercises the disciplinary (Art. 16, 17 WPRG) and prudential (Art. 21, 22 WPRG) powers over auditors and has comprehensive enforcement arrangements such as fines, suspensions and the removal of an auditor's or audit firm's license or registration.</p> <p>If the auditor resp. the audit firm does not implement the instructions</p>



	<p>given by the FMA to restore the situation into order following an inspection, the FMA shall initiate disciplinary action.</p> <p><b>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>n/a</p> <p><b>7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:</b></p> <p>Based upon the provisions of Art. 28 para. 1 FMAG the FMA has the competence to enact ordinances with regard to the specification of additional requirements on the performance of financial or regulatory audits.</p>
<p><b>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</b></p>	<p><b>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</b></p> <p>In its capacity as an integrated regulator the FMA has further responsibilities for tasks outside the area of audit supervision such as supervision of banks, insurance companies, securities and pension funds or markets.</p>
<p><b>9. Major Events and Activities</b></p>	<p><b>9.1 Describe any recent major events and activities:</b></p> <ul style="list-style-type: none"> <li>• 25 November 2010: Liechtenstein has implemented the Directive 2006/43/EC. The directive has been transposed into national law by the enactment of the law of 25 November 2010 amending the Law on Auditors and Audit Firms (WPRG).</li> <li>• 1 February 2011: The new WPRG has been set into force.</li> <li>• March 2013: Memorandum of Understanding between the Swiss Federal Audit Oversight Authority (FAOA) and the FMA.</li> <li>• 1 October 2013: The Ordinance on Inspections of Auditors and Audit Firms (QSPV) has been set into force. This Ordinance regulates applicable audit standards as well as content and performance of inspections.</li> <li>• October 2013: Start of conducting inspections.</li> <li>• November 2014: Implementation of a working group with the aim to transpose the 2014 EU-Auditor’s Directive and Regulation into national law.</li> <li>• November 2015: Drafting of the new Auditor’s Legislation based on the transposition of the 2014 EU-Auditor’s Directive and Regulation.</li> <li>• July – September 2016: Public Consultation on the Draft Auditor’s</li> </ul>





	<p>Legislation.</p> <ul style="list-style-type: none"><li>• November 2016: Finalization of Draft Auditor’s Legislation.</li><li>• July 2017: Public Consultation on Draft Auditor’s Legislation.</li><li>• September 2017: Parliament’s first reading of Draft Auditor’s Legislation.</li></ul>
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