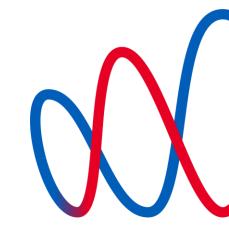


INFORMATION FOR INSTITUTIONAL INVESTORS



EU / EEA – compliant investment fund law

On account of its existing membership in the European Economic Area (EEA) and by incorporating the relevant EU statutory instruments into the EEA Treaty, Liechtenstein is bound by EU legislation and implements European investment fund law at national level.

The Directive 2009/65/EC on the Coordination of Laws, Regulations and Administrative Provisions relating to Undertakings for Collective Investment in Transferable Securities (UCITS) has been implemented in Liechtenstein in the Undertakings for Collective Investment in Transferable Securities Act (UCITSG) and the Directive 2011/61/EU on Alternative Investment Fund Managers (AIFMD) in the Alternative Investment Fund Managers Act (AIFMG).

All Level 1 regulations are also applicable, as are all implementing directives, implementing regulations and delegated regulations at Level 2. Reporting requirements and information obligations such as UCITS-KIID, PRIIP-KID, etc. are applicable in Liechtenstein as well as in the EU. This means Liechtenstein investment funds and their providers have identical rights and obligations as those in EU member states, including equal participation in the European Single Market via passporting. Investors, moreover, enjoy the same legal protection as in the case of products from the EU.

Links to Liechtenstein investment fund laws: <u>https://www.lafv.li/en/legislation/-liechtenstein</u>

Legal forms

In Liechtenstein, the most common legal forms are those that are also known from other countries. The investment company is usually known as SICAV (investment company with variable capital) or SICAF (investment company with fixed capital). In Liechtenstein, the German name is often used, namely «Aktiengesellschaft mit veränderlichem Kapital» (AGmvK) as well as «Aktiengesellschaft mit fixem Kapital» (AGmfK). In addition, there is also the contractual form (FCP) and the collective trust, which is less frequently used outside Liechtenstein. While other legal forms are possible, they are rarely deployed in practice. This is often a consequence of the tax requirements in the target markets, which are taken into account when investment funds are structured.

Liechtenstein Financial Market Authority (FMA)

In its capacity as an integrated and independent supervisory authority, the FMA supervises financial market participants in the Liechtenstein financial centre. At the European and global level, the FMA is represented in all key supervisory organisations. The Liechtenstein FMA is a full member of the European Banking Authority (EBA), the European Insurance and Occupational Pension Authority (EIOPA) as well as the European Securities and Markets Authority (ESMA). The FMA has a seat on the respective supervisory councils, and has the same rights and obligations as the EU's national supervisory authorities. As Liechtenstein is not an EU member, however, the FMA does not have the right to vote on these international financial supervisory authority bodies.

<u>Taxes</u>

The *Global Forum on Transparency and Exchange of Information for Tax Purposes* (OECD) gave Liechtenstein good grades within the context of its 2015 country assessments, declaring that it was "largely compliant". This means Liechtenstein has the same rating as e.g. Germany and UK.

In a review of the automatic exchange of information (AEOI, see below) carried out from 2020 to 2022, the OECD recognised that Liechtenstein fully complies with the international OECD standard, both in the implementation of the legal framework and in the effective implementation of the AEOI in practice. Liechtenstein has consequently received the best assessment ("in place" and "on Track").

This confirms that Liechtenstein complies with international standards to the highest degree with regard to transparency and the exchange of information for tax purposes.

Liechtenstein has for years pursued a rigorous tax conformity strategy, and has already concluded bilateral tax treaties with over 50 states around the world: With the USA (2008), the United Kingdom, Germany, France, the Netherlands (all of 2009), Australia (2011), Japan (2012) and Canada (2013), to mention just a few. List of Liechtenstein's tax treaties

Administrative Assistance Convention as the basis for the exchange of information upon request

On 21 November 2013 the Principality of Liechtenstein signed the Multilateral Convention of the OECD and the European Council on Reciprocal Administrative Assistance in Tax Matters (MAC), and ratified this on 22 August 2016. The MAC enables the contracting parties to provide administrative assistance in respect of a wide range of taxes. The exchange of information upon request and the spontaneous exchange of information have been applicable since 2017. The MAC is simultaneously the basis for the Multilateral Competent Authority Agreement (MCAA), which implements global AEOI standards.

Automatic Exchange of Information (AEOI)

The OECD's AEOI standard includes the obligation to exchange specific information about financial accounts in tax matters. Liechtenstein signed the Multilateral Competent Authority Agreement with 50 further states on 29 October 2014.

Liechtenstein joined the early-adopter initiative of the G5 states (Germany, France, United Kingdom, Italy, Spain) concerning the earlier introduction of the AEOI. In a bilateral tax transparency agreement between Liechtenstein and the EU, the introduction of the AEOI was agreed from 2016 with the EU member states. In the meantime, the AEOI in Liechtenstein comprises by far more than 100 countries.

These measures consequently mean that investors do not suffer any tax disadvantages when acquiring Liechtenstein investment funds. On the contrary: Liechtenstein investment funds are subject to unrestricted tax liability in Liechtenstein and therefore essentially have the same declaration and cooperation obligations as other taxable companies. Income generated by the assets managed by Liechtenstein investment funds is, however, exempt from tax (Art. 48 Para.1 Letter g of the Tax Act ("Steuergesetz"). As a consequence, Liechtenstein investment funds are effectively not subject to tax. This means investors only have to pay the taxes imposed in their home countries.

Combating money laundering and terrorist financing

For decades, Liechtenstein has been actively engaged in the combat against money laundering and terrorist financing and has been guided by the international standard of the Financial Action Task Force (FATF). Since 1999, Liechtenstein has been a member state of MONEYVAL, which is a regional body modelled on the FATF and has its headquarters at the Council of Europe in Strasbourg. MONEYVAL regularly reviews the national regulations of its member states for the implementation of the 40 FATF recommendations and assesses the effectiveness of the national system for combating money laundering and terrorist financing. In June 2022 MONEYVAL published.

the fifth country report on Liechtenstein and concludes that the country shows a high degree of effectiveness in identifying and combating money laundering and terrorism risks. Liechtenstein performs very well in comparison to other audited countries and is one of the few countries that will not be subject to the "Enhanced follow-up" but to the "Regular follow-up" due to the positive report. Link to MONEYVAL Country Report