



LIECHTENSTEINISCHER  
BANKENVERBAND

August 2017

## **Information**

**issued by the Liechtenstein Bankers Association (LBA)**

**on the**

**disclosure of data  
in relation to international payment transactions,  
investments in foreign securities and transactions and services with cross-  
border implications performed by Liechtenstein banks**



## **Background**

In recent years, there has been a dramatic increase in financial-services regulation (legislation, contractual provisions, business and trading practices as well as compliance standards). Both currently and going forward, this is likely to involve an even greater level of transparency and the disclosure of data to third parties both within and outside Liechtenstein. This is particularly evident in relation to payment transactions, transactions and services which involve foreign currencies, trading venues or trading partners, or custody account assets (securities) held outside Liechtenstein.

## **Transferring client data**

In the following situations, it may, for example, be necessary to transfer information and data pertaining to clients and/or originators, or the recipients of transactions or services, to relevant banks and system operators, trading venues or trading partners, both within and outside Liechtenstein:

- In relation to the processing of cross-border payments
- In relation to incoming and outgoing domestic payments in foreign currencies
- In relation to the settlement of transactions involving foreign securities, or domestic securities involving foreign currencies (e.g. collective investment schemes with currency classes) and the safekeeping of such securities

Some of the reasons for enhanced transparency include:

- Combating tax evasion
- Combating money laundering
- Combating terrorist financing
- Enforcing sanctions
- Complying with local requirements
- Facilitating and, ultimately, executing transactions
- Maintaining the stability of the financial centre
- Market transparency

Data pertaining to clients and/or originators and recipients that may potentially be transferred:

- In the case of individuals:
  - Name
  - Date of birth
  - Nationality
  - Place of residence
  - Origin of funds
  - Duration of banking relationship
  - Relationship between originator and recipient
  - Relationship between originator and issuer
  - Agency relationships, where applicable
  - Reason for transaction
- In the case of legal entities:
  - Name
  - Registered office
  - Business activity
  - Company objects
  - Ownership structure
  - Beneficial owners
  - Company structure
  - Number of employees
  - Payment order (e.g. reasons for payment, context, any suspicious factors in terms of compliance, details of other similar payments)



## **Legal frameworks**

Legal frameworks vary from country to country and will depend on local conditions or the requirements of relevant third parties. Information must be disclosed to enable banks to execute transactions, provide services or comply with laws, regulations, contractual provisions, business and trading practices or compliance standards which apply to transactions and services in certain countries or to dealings with relevant third parties.

### **Possible requirements:**

- Exercising client rights (e.g. in order to perform administrative actions in connection with assets held in custody accounts)
- Required for registration purposes (e.g. registering transactions or securities)
- Local licences
- Local thresholds for participations or requirements applying to participations
- Meeting local disclosure or reporting requirements
- Compliance standards of relevant third parties, which require information or generate queries in relation to banks (e.g. due to monitoring systems), for example for the purposes of combating money laundering, terrorist financing or corruption, or in relation to sanctions or politically exposed persons (PEPs)

## **Methods of transfer**

Data, information and documents may be transferred either using telecommunications (including electronic data transmission) or in hard-copy form. Data may be transferred prior to, during or following the execution of a transaction or performance of a service.

## **Data recipients**

In particular, banks and system operators, both within and outside Liechtenstein, which are involved in payments and processing transactions in foreign securities and securities safekeeping increasingly require information on the relevant parties as well as background information on transactions. Such information is disclosed in response to specific requests from the parties involved, enabling banks and system operators to satisfy applicable requirements. Disclosing such information also ensures that the relevant services are performed properly.

### **Data may, for example, be transferred to the following parties:**

- Banks and system operators in the context of payment transactions, i.e.:
  - Banks of the originating and beneficiary parties
  - Correspondent banks
  - Operators of payment transactions systems
  - SWIFT
- Banks and other financial-market infrastructures in relation to investments involving custody account assets (securities trading), i.e. primarily:
  - Trading desks
  - Clearing houses
  - Securities depositories

Data pertaining to parties involved in transactions, transaction processing and safekeeping may also be transferred to regulators, government agencies, the courts or other third parties either within or outside Liechtenstein. In addition, beneficiaries of payment orders may receive details of the originator and the originator details of the beneficiary, whether such parties are within or outside Liechtenstein. In the context of securities transactions, information regarding the originator, for example, may be provided to recipients within or outside Liechtenstein.



LIECHTENSTEINISCHER  
BANKENVERBAND

**Data protection**

The protection of client data is of paramount importance to Liechtenstein financial-services providers. These providers have introduced the highest security standards for the protection of client data, which are upgraded on a regular basis in line with the latest developments.

The protection afforded by Liechtenstein bank-client confidentiality and the strict Liechtenstein data protection standards cannot be guaranteed once data and information are transferred outside Liechtenstein. Data will subsequently be governed by the rules applying in the respective jurisdiction abroad, which may also require the disclosure of information to government agencies, the courts, regulators or other third parties. Furthermore, data may be transferred to countries where the data protection requirements are less stringent than those applying in Liechtenstein.