

**Rules of Conduct
of the
Liechtenstein Institute of Professional Trustees and Fiduciaries
dated 27 May 2014**

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On the basis of Article 64(1)(h) of the Act dated 8 November 2013 on Trustees (*Treuhändergesetz*, TrHG), LGBl. [Liechtenstein Law Gazette] 2013 No. 421, the Plenary Meeting of the Liechtenstein Institute of Professional Trustees and Fiduciaries issues the following Rules of Conduct, all terms used to describe persons and professions applying to all persons male or female:

Preamble

The trustee shall carry out his activities as described in better detail in Article 2 TrHG for the benefit of his client and on the basis of his technical knowledge obtained by qualified training and proven by practical work. In addition to that technical qualification and the requirement of trustworthiness in terms of Article 6 TrHG, the profession of trustee requires impeccable conduct of the latter, which will ensure the necessary relationship of confidence between the trustee, his client and the parties involved from legal entities on the one hand, and between the profession as a whole and the public on the other.

Art. 1

Range of application

a) **Personal**

These Rules of Conduct are binding for all physical persons and legal entities that hold a licence under the TrHG. With trust companies, they shall apply to a person pursuant to Article 14(1)(a) TrHG (person who meets the requirements for a permit). These persons are hereinafter referred to as "Professionals".

b) Geographical

The Professionals shall observe these Rules of Conduct wherever they practice their profession.

c) Factual

The Professionals shall observe these Rules of Conduct whenever they practice the profession of trustee.

Art. 2

Duty to preserve the reputation and dignity of the profession

The Professionals shall carry out their activity diligently, honestly, and professionally. In doing so, they shall refrain from any immoral, dishonourable, or dishonest activities. They shall not accept any mandates that might affect the honour and the reputation of the profession.

Art. 3

Compliance with applicable laws, rules, and guidelines

In performing their activities, the Professionals shall comply with the applicable provisions of the law, the recognised rules of the profession, and the guidelines of the Institute of Professional Trustees and Fiduciaries.

Art. 4

Non-binding recommendations

Recommendations by the Institute of Professional Trustees and Fiduciaries serve to support the Professionals in exercising their activities and are not binding.

Art. 5

Duty to safeguard clients' interests

In practicing their profession, the Professionals shall safeguard the best interest of their clients to the best of their knowledge and belief.

Art. 6

Diligence in conducting business activities

The Professionals shall conduct their business activities with all the diligence expected of a professional person. This diligence requires cooperation based on trust and professionalism between all parties involved from legal entities.

Art. 7

Conflicts of interest

1) If the interests of a client contradict the interests of the Professionals or the interests of a person close to the Professionals or the interests of other clients, the Professionals shall refuse or resign from the mandate as soon as they learn of a conflict of interest.

2) A conflict of interest also exists if the interests of a Professional as a governing body of a legal entity contradict those of the latter. Among other important reasons, this may also be justified by the lack of a relationship of confidence between the Professional and all designated parties involved from legal entities who are not close to the Professional. In this case, the relationship of confidence is to be considered broken.

3) However, there is no conflict of interest if several clients instruct the Professionals to implement a joint transaction (such as the preparation of an agreement).

Art. 8

Independence in exercising the function of auditor

In exercising the function of auditor, the requirements of independence as laid down in Article 192 PGR (*Personen- und Gesellschaftsrecht*, Persons and Companies Act) shall be met.

Art. 9

Delivery of documents

The Professionals shall return the documents entrusted to them by their clients on the latter's request or after the mandate has ended. They may make copies of all documents to be returned at the client's cost and to keep them in order to meet their safekeeping obligations under Article 142 PGR. The Professionals shall not assert a right of retention as to those documents for collecting their fees. However, they are not obliged to deliver to a client the power of attorney, the mandate agreement, the correspondence, or their own notes.

Art. 10

Resignation from mandates

Under the law of mandates, the Professionals have the right to resign from any mandate at any time. However, they shall ensure that the justified interests of their clients are safeguarded in this.

Art. 11

Personal exercise of function, delegation

As a matter of principle, the Professionals shall practice their profession personally, self-employed, and independently. It is admissible to delegate individual business to employees and qualified third parties as far as this is permitted by the laws.

Art. 12

Training and further education

1) The Professionals shall always keep their technical knowledge on a sufficiently high level and up to date. They shall also support their employees through specific training and further education.

2) The Professionals shall keep records on their further education and shall hand these over to the Professional Ethics Committee on request. The latter shall verify compliance with the obligation to further education by as warranted by particular occasions and on the basis of samples.

Art. 13

Fees

1) The Professionals have the right to charge an adequate fee for their services. Generally, that fee shall be a lump-sum or charged on the basis of the time expended. The hourly rate shall depend on the difficulty of the task and the responsibility taken. The Professionals may only agree on fees in an amount that in the light of adequate remuneration is not obviously disproportionate in relation to the value of the services rendered.

2) At the request of their clients, the Professionals shall provide them with a detailed account of fees.

3) In the contracts with their clients, the Professionals have the right to agree on a right of lien or retention for their fees as to the assets received for their clients. If the title or the amount of the fee are in dispute and attempts to settle the matter amicably have failed, the Professional shall assert the alleged claims in a civil lawsuit if necessary.

Art. 14

Obligation of secrecy

1) The Professionals are obliged to keep secret the matters they have been entrusted with as well as all other information they have learned in their professional capacity and whose confidentiality is in the best interests of their clients (Art. 21 TrHG). They shall to a reasonable extent ensure that their employees also meet that obligation.

2) This obligation of secrecy shall be subject to duties to disclose under relevant laws - in particular the reporting duties under the due diligence legislation - or disclosure on the grounds of other, prevailing legal interests.

Art. 15

Data security

In view of their obligation of secrecy, the Professionals shall protect the data of their clients in such a way that the special confidentiality of the data and the private sphere of their clients are preserved. The Professionals shall take all technical and organisational precautions in their field of business to ensure the adequate protection of data and systems against unauthorised or random destruction, loss, technical errors, falsification, theft, unlawful use, as well as unauthorised editing, copying, or access.

Art. 16

Risk management

1) The Professionals shall take suitable measures to ensure the early detection of developments that threaten the continued existence of the enterprise. To that end, they shall install a risk management system tailored to the enterprise and define corresponding responsibilities. In creating the risk management system, the Professionals shall in particular take into account the principle of proportionality, i.e.

in particular the number of mandates and employees and the business activities of the enterprise.

2) In this, risk management shall be implemented through a concept for the identification, assessment, control, and monitoring of the major risks for the Professional.

Art. 17

Regulation in the event of prevention

The Professionals shall provide for the case of their temporary or permanent prevention from exercising their profession and shall install a system for representation or an equivalent solution. The Professional Ethics Committee may verify this as warranted by particular occasions and on the basis of samples.

Art. 18

Conduct towards other Professionals

1) The Professionals shall behave in a proper manner towards other Professionals and observe the rules of fair competition.

2) The Professionals shall refrain from actively enticing away clients from other Professionals.

3) Should a Professional inform another Professional that the mandate to manage a legal entity should be transferred to them due to a conflict of interest (Article 7) or another important reason, a joint discussion must be held in the interests of the legal entity in question within 30 days of the written application for the transfer of the mandate being submitted. If no mutually agreed solution can be found within this period, the Professional asked to accept the transfer of the mandate must notify the Board of Directors within 14 days, stating the reasons why the transfer of the mandate was refused. Should this period expire, the Professional requesting the transfer of the mandate may report this to the Board of Directors.

4) The Board of Directors will verify whether a conflict of interest (Article 7) or any other reason to justify a transfer of the mandate exists in consultation with the Professionals and issue a recommendation accordingly to the Professionals involved.

5) Failure to comply with the recommendation issued by the Board of Directors regarding the transfer of a mandate to manage a legal entity may constitute a disciplinary offence pursuant to Article 21.

6) The Professionals are subject to the obligation of secrecy pursuant to Article 14 concerning any information presented to the Board of Directors during proceedings.

7) Any costs incurred in connection with the mandate transfer process by the Professional asked to accept the transfer of the mandate pursuant to this Article are to be borne by the Professional, provided that the Board of Directors issues a recommendation for the transfer of the mandate. If the Board of Directors does not issue a recommendation for the transfer of the mandate, the Professional asked to accept the transfer may invoice the legal entity for actual costs incurred, up to a maximum of CHF 5,000.

Art. 19

Advertising

The Professionals shall refrain from any vociferous or sensational advertising.

Art. 20

Contact with the media

The Professionals shall exercise the utmost restraint when dealing with the media. If they consider it necessary to inform the media, they shall limit themselves to factual notes and refrain from any negative comments on colleagues or the profession as a whole.

Art. 21

Disciplinary offences

1) Professionals who are at fault of violating the obligations of their profession or who damage the honour or the reputation of the profession by faulty behaviour commit a disciplinary offence.

2) Disciplinary power shall rest with the Institute's disciplinary bodies, i.e. the Investigator and the Professional Ethics Committee. The Professional Ethics Committee shall file a complaint with the FMA if there is the justified suspicion of reasons for withdrawal in terms of Article 25 TrHG. If there is the justified suspicion of a punishable offence, the Professional Ethics Committee shall file a complaint with the Prosecution Service.

3) Disciplinary offences shall be punished regardless of any measures taken by the judicial or administrative authorities and subject to Article 41 and Article 42(c) TrHG.

4) The Professional Ethics Committee shall make final disciplinary decisions available to the Professionals in anonymised, suitable form.

Rules of Conduct of the Liechtenstein Institute of
Professional Trustees and Fiduciaries

These Rules of Conduct were passed by the Plenary Meeting of the Liechtenstein Institute of Professional Trustees and Fiduciaries on 27 May 2014 and were put into force as of 1 January 2015.

**THE LIECHTENSTEIN
INSTITUTE OF PROFESSIONAL TRUSTEES AND FIDUCIARIES**

by: Roger Frick

President

The current version of Article 1(1)(a) was approved by the Plenary Meeting of the Liechtenstein Institute of Professional Trustees and Fiduciaries on 20 May 2015 and entered into force as of 20 May 2015.

The current versions of the preamble and Articles 6, 7 and 18 were approved by the Plenary Meeting of the Liechtenstein Institute of Professional Trustees and Fiduciaries on 28 May 2018 and entered into force as of 1 June 2018.