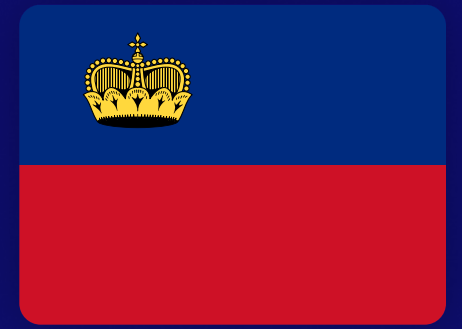


The Travel Rule in Liechtenstein



Quick Overview

Threshold:

CHF 1

When to comply:

Immediately

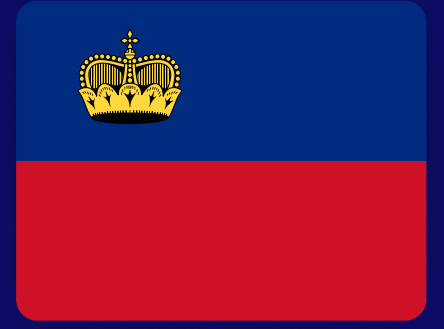
Self-hosted wallets:

Proof of ownership is required

Supervisory body:

Financial Market
Authority
(FMA)

The Travel Rule in Liechtenstein



Who Must Comply?

According to Article 23(b) of the DDO, an exchange of information is required for all transfers of tokens or virtual currencies (tokens) that exceed the amount of CHF 1. The rule applies to all entities subject to due diligence according to Article 3(1)(r) and (t) of the DDA (TT service providers*)¹.

Services provided by TT service providers include:

- "Token Issuer": a person who publicly offers tokens on their own behalf or on behalf of a client (only secondary market trading falls under the Travel Rule);
- "TT token custodian": a person who keeps tokens in the name of a third party for the account of a third party;
- "TT Protector": a person who holds tokens on TT Systems in their own name for the account of others;
- "TT exchange service provider": a person who exchanges legal tender for tokens and vice versa and tokens for tokens;
- "TT Agent": a person who professionally sells or provides TT services in the name and on account of a foreign TT service provider".

[TVTG, article 2, i to u]

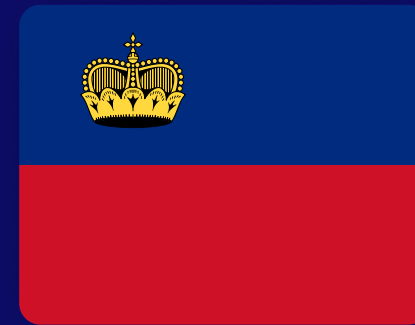
*Note:

In Liechtenstein, the term *TT service provider* is equivalent to a *crypto-asset service provider (CASP)* in definition. A TT service provider can be an individual or a company.

As per the TVTG, article 2.a, *Trustworthy Technologies (TT)* is defined as:

"Technologies that ensure the integrity of tokens, the clear assignment of tokens to TT identifiers and the availability of tokens".

The Travel Rule in Liechtenstein



Information Required and Threshold

All TT service providers must identify the originator TT service provider and verify its identity.

Enhanced due diligence is to be applied if the counterparty is based in a high-risk jurisdiction.

Per Article 23 DOO

The ordering TT service provider must collect and transmit the information below to the beneficiary TT service provider for all transfers surpassing the **CHF 1 threshold**.

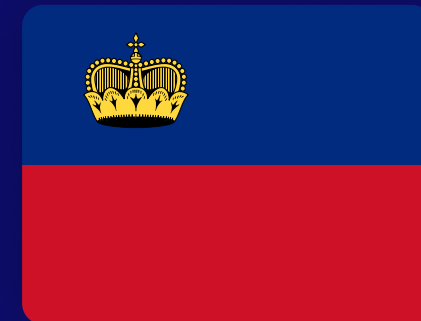
- originator's name;
- originator's account number, where an account is used to process the transaction;
- originator's address, official personal document number, customer identification number or date and place of birth;
- beneficiary's name;
- beneficiary's account number.

Before the execution of the TT transfer, the TT service provider needs to:

- determine procedures on how the required information is to be sent and in case of missing or incomplete data, ensure its subsequent transmission;
- ensure that the above information is correct and complete including the use of documents, data or information from reliable and independent sources;
- establish ex-post or real-time monitoring to ensure the required information on the originator or the beneficiary.

If the transfer is not to or from a TT account, the individual transaction code must be collected and transmitted in place of the account number.

The Travel Rule in Liechtenstein



Missing Data

If the required Travel Rule data (Article 23d) is not provided, incomplete or delayed, the following steps must be taken:

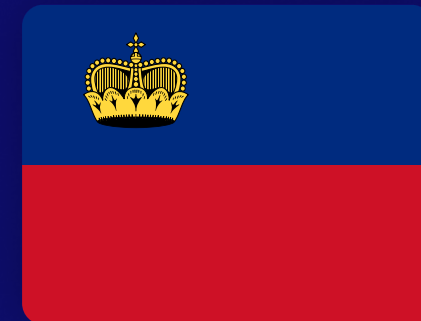
The beneficiary TT service provider needs to install risk-based procedures and strategies to determine whether the information is not delivered or is incomplete. The fact of missing or incomplete information should be recognised first, and the TT transfer should be suspended/rejected.

If it is determined that the Travel Rule information is not in line with the requirements of Article 23d, the ordering TT service provider has to be instructed to deliver the information within three (3) working days, otherwise the transfer is to be rejected or returned to the ordering TT service provider. If the rejection of the TT transfer is not possible, the re-transfer of the tokens has to occur.

A TT transfer can only be completed if a complete Travel Rule data set has been provided.

Additionally, if an ordering TT service provider repeatedly fails to provide complete information, the beneficiary TT service provider can reject all future transactions and restrict further dealings.

The Travel Rule in Liechtenstein



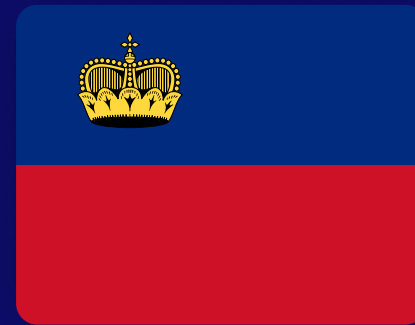
The Sunrise Issue

If a domestic TT service provider executes a transaction with a foreign TT service provider (CASP) that has not yet implemented the Travel Rule, the domestic TT service provider should attempt to exchange the required Travel Rule information via e-mail or other secure channels.

Should the counterparty not react or reject the information, this must be documented.

Moreover, TT service providers must apply enhanced due diligence and appropriate risk mitigation measures if the information cannot be exchanged. Such transactions are tolerated until the new Wire Transfer Regulation II (VO (EU) 847/2015) comes into force in Liechtenstein.

The Travel Rule in Liechtenstein



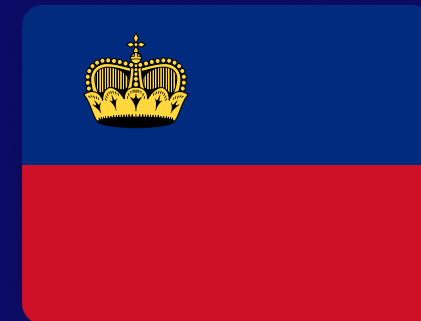
Self-hosted Wallets

TT service providers must conduct enhanced due diligence if dealing with self-hosted wallets.

This includes:

- clear assignment of the wallet to the beneficiary via proof of ownership, e.g. via a Satoshi Test or cryptographic signature - like Address Ownership Proof Protocol (AOPP);
- analyses of transactions through a blockchain investigation tools;
- enhanced information on the Source of Funds on the incoming transactions;
- a full KYC check on the client.

The Travel Rule in Liechtenstein



MiCAR in Liechtenstein: EMTs and ARTs

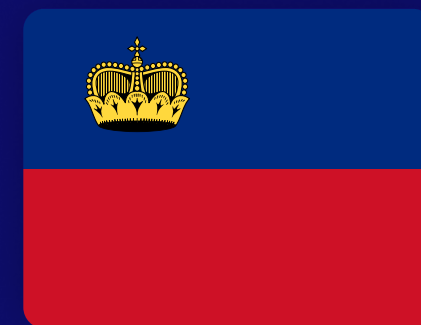
Different MiCAR regulations will come into effect at different intervals across the EU.

- Titles related to the authorisation and oversight of crypto-asset service providers: 30 December 2024.
- Titles III and IV - encompass electronic money tokens (EMTs) and asset-referenced tokens (ARTs) - 30 June 2024.

In Liechtenstein, registered and non-registered issuers of EMTs and ARTs are already subject to the TVTG and the Due Diligence Act.

Liechtenstein strives to ensure that its application of MiCAR will occur simultaneously with the rest of the EU. However, this largely depends on when the regulation gets incorporated into the EEA Agreement.

The Travel Rule in Liechtenstein



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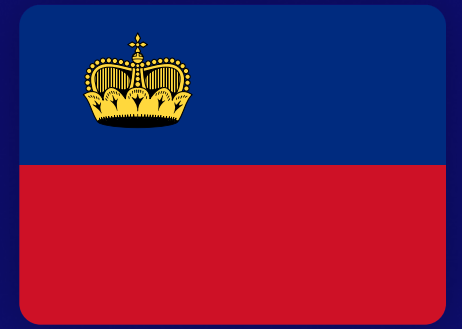


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21 Analytics provides privacy-first Travel Rule compliance software. None of your data is shared with us. Founded by Bitcoiners who have been working in the blockchain industry since 2014, 21 Analytics leverages its experience to advance our idea of combining compliance with data protection and strengthening privacy for financial intermediaries and their customers.

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NÄGELE is committed, target-oriented, and competent when it comes to protecting our clients' interests. The firm specializes in public and private commercial law with an emphasis on Blockchain/ DLT, CyberSecurity, Artificial Intelligence AI, IT, Internet, capital markets, telecommunications, business, corporate, employment, contract, and property law.

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CLL is a Liechtenstein-based Compliance Consultant offering in-depth experience in the field of crypto services and regulation since 2019. CLL is well renowned for its uncomplicated cooperation and practical solutions.

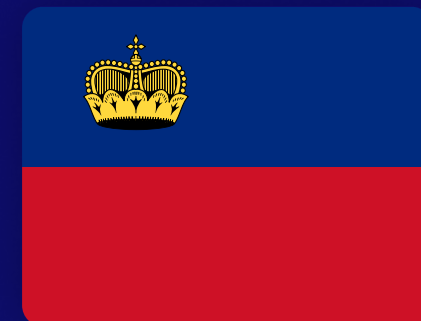
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Sources:

- Article 12 of the Due Diligence Act
- Article 23 of the Due Diligence Ordinance
- TVGT
- Annexe 4 of the Ordinance on professional due diligence to combat money laundering, organised crime and terrorist financing (Due Diligence Ordinance; SPV) used to determine higher-risk jurisdictions
- Guideline 2021/18 Obligations when carrying out VT transfers