

**Unofficial Translation of the Draft-Law on Transaction
Systems Based on Trustworthy Technologies (Blockchain Act)**

Disclaimer

English is not an official language of the Principality of Liechtenstein. This translation is provided for information purposes only and has no legal force. This translation has been compiled with the utmost care. However, the Government of Liechtenstein cannot accept any liability for inaccurate translations.

Please note that this Act is only in draft version and currently in public consultation phase.

Law

from ...

**concerning transaction systems based on Trustworthy
Technologies (Blockchain Act; TT-Act; TTA)**

I give my consent to the following resolution passed by the 'Parliament':

I. General Provisions

Art. 1

Object and Purpose

The purpose of this Act is to protect users on TT Systems and to ensure their trust in digital rights. It regulates the registration and supervision as well as the rights and obligations of service providers who perform activities on TT Systems.

Art. 2

Scope

1) This Act applies to TT Service Providers.

2) The provisions of this Act concerning the power of token disposal and the disposal of tokens in accordance with Chapter II apply if either:

- a) a token is created or issued by a TT Service Provider that is subject to this Act, or
- b) the Law is explicitly declared applicable.

3) Other statutory regulations, including Persons and Companies Act (PGR), the General Civil Code, financial market legislation, and data protection legislation together with Due Diligence legislation remain reserved.

Art. 3

Trustworthy Technology (TT)

1) Trustworthy technologies within the meaning of this Act are technologies that ensure the integrity of tokens, their unambiguous allocation to the owner whom possesses the power of disposal and their disposal without an operator.

2) At the same time, these technologies function as an operator responsible for quality and integrity.

3) The government can regulate further details according to this Act through ordinance.

Art. 4

Exemptions from Scope

This Act shall not apply to:

- a) the state, municipalities and/or associations of municipalities, if they are acting in their capacity as authorities; or
- b) TT Systems, which are only available to a closed user group.

Art. 5

Definitions and Terms

1) For the purposes of this Act:

1. “Token”: Information on a TT System that can embody fungible claims or membership rights to an individual, goods, and/or other absolute or relative rights and ensuring the assignment to one or more Public Keys;
2. “Public Key”: Consists of a sequence of characters representing a unique publicly accessible address contained in a TT System to which tokens can be uniquely assigned;
3. “Private Key”: Consists of a sequence of characters that can be used alone or with other Private Keys enabling the disposal of a Public Key;
4. “Users”: Persons using TT Services;
5. “Token Emission”: The public offering of tokens;
6. “Basic Information”: Information about tokens to be offered to the public, enabling the user to make an informed judgement about the rights and risks associated with the tokens as well as the service providers involved;
7. “TT Service Provider”: A person who carries out one or more activities in accordance with (8)-(16);
8. “Token Emitter”: A person who carries out the activity of Token Emission in his own name or commercially on behalf of third parties;
9. “Token Generator”: A person who generates one or more tokens and makes them available via a TT System;
10. “TT Depositary”: A person who provides private key deposit services on TT Systems for third parties;

11. “Physical Validator”: A person who ensures the enforcement of rights relating to property in the sense of Property Law embodied in token on a TT System;
12. “TT Protector”: A person who holds tokens on TT Systems in their own name on account for a third party;
13. “TT Exchange Office Operator”: A person who exchanges legal tender for tokens and vice versa, as well as tokens for tokens;
14. “TT Verifying Authority”: A person who verifies the legal capacity and the requirements for the disposal of a token;
15. “TT Price Service Provider”: A person who provides TT System users with aggregated price information on the basis of purchase and sale offers or completed transactions;
16. “TT Identity Service Provider”: A person who identifies the person in possession of the right of disposal related to a Public Key and records it in a directory;
17. “TT Systems”: Transaction systems that ensure the secure exchange and safe storage of digital representations of rights, as well as the service provisions based on those systems using trustworthy technologies in accordance with Art. 3;

2) The government can define the terms according to (1) in more detail by ordinance.

3) The designations of persons and functions used in this Act, including usage of the pronoun “he,” apply equally to members of the female and male sexes.

II. Disposal of Tokens

Art. 6

Power of Disposal and Right of Disposal

1) The Private Key holder has the power of disposal of the token. It is further assumed that the person possessing the power of token disposal also has the right to dispose of the token.

2) Articles 8, 10, 11 and 12 also apply correspondingly to tokens that do not embody any rights.

Art. 7

Effects of Disposal

1) Disposal of the token by the person possessing the right to dispose of the token results in the disposal of the right embodied by the token.

2) The Token Generator shall take appropriate measures to ensure:

- a) that the disposal of a token directly results in the disposal of the embodied right, and
- b) that competing disposals of the embodied right are excluded both under the rules of the system and provisions of applicable law.

3) The transfer of the right of disposal of the token is deemed to be a disposal.

Art. 8

Requirements, Irrevocability and Finality

1) The lawful disposal of tokens requires:

- a) the disposal in accordance with the rules of the TT System;
- b) the declaration of the transferor and the transferee that they wish to transfer respectively receive the power of disposal of the token; and
- c) the transferor's right of disposal, unless the requirements for the transfer in "good faith" are fulfilled," comply with Article 10.

2) If a token is issued without reason or a subsequent reason fails to exist, the revocation shall be accomplished in accordance with the provisions of the Enrichment Law (§§ 1431 ff. General Civil Code/ABGB).

3) The disposal is also legally binding in the event of enforcement proceedings against the transferor and effective vis-à-vis third parties, if it:

- a) was introduced into the system prior to the commencement of the legal proceedings, or
- b) was introduced into the system after the initiation of the legal proceeding and was executed on the day of the proceeding's openings, provided that the accepting party proves that he was without knowledge of the proceedings openings or would have remained without knowledge upon the exercise of due diligence.

Art. 9

Legitimation

If the token embodies a right of claim or membership, the person authorised to dispose of the token against the obligor shall be deemed to be the legal owner of this right. By payment, the Obligor is withdrawn from his obligation against the person who has the power of disposal, unless he knew, or should have known with due care, that he is not the lawful owner of the right.

Art. 10

Right of Disposal in Good Faith

Anyone who is granted the right to dispose of tokens for a fee in accordance with the rules of the system is protected in his right to dispose, even if the transferor is not authorised to dispose of the token, unless the transferee knew or should have known, with due care, that the transferor was not authorised in his disposition.

Art. 11

Applicable Rights

The regulations of this Act on the right of disposal and the disposal of tokens shall apply if:

- a) the tokens generated or issued by a TT Service Provider fall under Liechtenstein Law in accordance with Art. 2, or
- b) this Act is explicitly declared applicable.

Art. 12

Jurisdiction

If Liechtenstein Law is applicable according to Art.11, the token is considered to be an asset located in Liechtenstein.

III. Requirements for TT Service Providers

A. General Requirements

Art. 13

Personal Requirements for TT Service Providers

1) A natural person may only perform TT Services in accordance with Art.36 (1) if the following conditions are met:

- a) full legal capacity; and
- b) Reliability.

2) A legal entity or registered partnership may only perform TT Services in accordance with Art.36 (1) if the members of the management are reliable.

3) Reliability within the meaning of subsection (1) (b) shall apply if:

- a) a natural person has not been convicted by a court of law for fraudulent bankruptcy, damage to third party creditors, preferring of a creditor with fraudulent intent, grossly negligent impairment of creditor interests (§§ 156 to 159 Criminal Code), a sentence of up to three months' imprisonment, or a fine of more than 180 instalments (as determined by

daily net income and/or other economic conditions) for any other Law and the conviction remains extinguished; and

- b) there are no other reasons for serious doubt as to the reliability of the natural person.

4) Independent of the legal form, a TT Service in accordance with Art. 36 (1) may only be provided if a TT Service Provider:

- a) has a clear organisational structure with clearly defined, transparent, and coherent areas of responsibility, as well as procedures for dealing with conflicts of interest;
- b) has written internal control mechanisms that are appropriate in terms of the type, scope, and complexity of the TT Services provided, including ensuring comprehensive documentation of these mechanisms;
- c) can prove a minimum capital of CHF 100,000 or equivalent security; and
- d) fulfils the special requirements of Chapter III B, if applicable.

5) For TT Service Providers, according to Art.36 (2), who voluntarily register in the TT Service Provider register, the same general requirements put forth in this article apply.

6) The government can further regulate details by ordinance. In particular, it may also enforce other special requirements for individual TT Service Providers in accordance with Chapter III B.

B. Special Requirements for Individual TT Service Providers

Art. 14

Token Emitter

Token Emitters must have internal control mechanisms in place to ensure the following;

- a) the disclosure of basic information in accordance with Chapter III D at any time during, and for at least ten years after, the token emission;
- b) the execution of the token emissions in accordance with the order;
- c) the prevention of multiple token emissions regarding the same rights;
- d) a remark about the emission that has already taken place in the case of a subsequent emission of related rights;
- e) the maintenance of the provided services in the event of interruptions during the Token Emission (business continuity management).

Art. 15

TT Depositary

TT Depositaries must have internal control mechanisms in place to ensure the following:

- a) the establishment of appropriate security measures protecting customers of the TT Depositary from the loss or misuse of private keys by unauthorized third parties;
- b) the separate safekeeping of customer's Private Keys from the business assets of the TT Depositaries; and

- c) the maintenance of the services in the event of interruptions (business continuity management).

Art. 16

TT- Price Service Provider

TT Price Service Providers must have internal control mechanisms in place to ensure the following:

- a) the transparency of the published prices;
- b) the prevention of conflicts of interest in relation to pricing; and
- c) the disclosure of information to affected users regarding transactions concerning related parties.

Art. 17

TT Exchange Office Operator

TT Exchange Office Operators must have internal control mechanisms in place to ensure the following:

- a) the availability of the current market prices of the traded tokens;
- b) the disclosure of the purchase and sale prices of the traded tokens.

Art. 18

TT Protector

TT Protectors are required to be licenced according to the Trustee Act or the Banking Act.

Art. 19

Token Generator

Token Generators must have internal control mechanisms in place which ensure the technical functionality of the generated tokens during the token generation and for the three years subsequent to the token generation.

Art. 20

Physical Validator

Physical Validators must have internal control mechanisms in place to ensure the following at all times:

- a) that the ordering party of the token generation is the legitimate owner of the property at the time of the token generation;
- b) the avoidance of a conflict of rights concerning the same property; and
- c) assignment of liability in the event that rights to property guaranteed by the Physical Validator cannot be enforced in accordance with the contract. He must also ensure that the person possessing the power of token disposal has a direct claim against either the Physical Validator's insurance company or the insurance company for the specific item.

Art. 21

TT Verifying Authority

TT Verifying Authorities must have internal control mechanisms in place to ensure the necessary reliability of the testing services they provide at all times.

Art. 22

TT Identity Service Provider

1) A TT Identity Service Provider, or a person/entity acting as its agent, must establish the identity of the natural persons or representatives of the legal entity whom are physically present, by means of official photo identification documents or other evidence equivalent in reliability, whether documented or to be documented. Representatives of legal persons additionally have to provide an evidence of their power of representation.

2) If the issuance does not take place in person, other methods of identification offering equivalent certainty as to the reliability of personal presence may be used.

3) In addition, TT Identity Service Providers must have internal control mechanisms in place which:

- a) ensure the correct allocation of Public Keys to the rightful holder at all times; and
- b) guarantee the secure storage of customer data.

C. Organisational Provisions

Art. 23

Designation Protection

1) Designations suggesting an activity in accordance with Art. 36 (1) may only be used in the company name, designation of the business purpose, and/or

in business advertisements for those service providers that are entered in the TT Service Provider register in accordance with Art. 41.

2) The government can further regulate details by ordinance.

Art. 24

Safeguarding Requirements

1) Tokens held in a fiduciary capacity do not fall into the bankruptcy assets of the TT Service Provider in the event of bankruptcy. Rather, these tokens are separated out in the customer's favour, with reservations to all claims of the TT Service Provider against the customer. The Tokens must be protected against claims of the TT Service Provider's other creditors, particularly in the event of bankruptcy, in order to protect the users. Further, Tokens must remain identifiable in such a way that they can be assigned to the individual user at any time with regard to the individual user's respective share.

2) Upon request, during ongoing business operations, a TT Service Provider must present proof to the FMA to prove that he has taken sufficient measures to comply with the requirements specified in (1). If the evidence is not provided or if the measures are insufficient, the FMA shall request the TT Service Provider to put forth the necessary evidence or take suitable and necessary precautions to remedy the existing defects. This must be carried out in accordance with an appropriate deadline set by the FMA. If the supporting documents are not submitted or precautions are not executed at all, or within the time frame put forth by the FMA, the FMA may take further measures. In particular, the FMA may take measures in accordance with Art. 46 (5).

3) In the event of execution against his TT Service Provider, the user has the right to appeal (Art. 20 of the Execution Law), if the execution relates to the amounts secured in accordance with (1). Under the same requirements, in the event of bankruptcy of the TT Service Provider, the user has the right of segregation (Art. 41 of the Bankruptcy Code).

Art. 25

Custody of Private Keys

Private Keys, which a TT Service Provider holds or keeps in safe custody for a customer in the TT Service Provider's own name or in the client's name, shall not be considered part of the bankruptcy estate in bankruptcy proceedings concerning the assets of the TT Service Provider, but rather shall be segregated for the benefit of the client, subject to any claims of the TT Service Provider.

Art. 26

Safekeeping Period

1) A TT Service Provider must keep records and supporting documents relevant for the purposes of this Act for at least ten years.

2) More specific legal obligations remain unaffected.

Art. 27

Outsourcing

- 1) The outsourcing of important operational functions is permitted if:
- a) the quality of the internal control of the TT Service Provider is [not] significantly impacted;

- b) the outsourcing does not lead to a delegation of management tasks; and/or
- c) the obligations of the TT Service Provider under this Act remain unchanged, provided that the general and specific requirements in accordance with Art. 13 or Chapter III B under this Act are still fulfilled.

2) In this context, an operational function is particularly important if it, only partially fulfilled or neglected, would significantly affect the TT Service Provider's ongoing compliance with its obligations under this Act or its financial performance.

3) A TT Service Provider outsourcing functions to third parties must take adequate precautions to ensure that the requirements of this Act are met.

4) Specific legal regulations about outsourcing remain unaffected.

D. Basic Information on Token Emission

Art. 28

Publication of Basic Information

Subject to the following articles, tokens may only be emitted in Liechtenstein if the Token Emitter carrying out the Token Emission has previously published the basic information on the public offering of tokens and has reported them to the FMA.

Art. 29

Form and Language of the Basic Information

1) Basic information in accordance with Art.28 must be provided in an easy to analyse and comprehensible form.

2) Basic information can be provided in one or more documents.

3) If basic information consists of several documents, the Token Emitter must publish a short and easily comprehensible summary providing information about the Token Emitter and the tokens to be emitted.

4) Basic information must be written and made available in German or English.

Art. 30

Contents of Basic Information

1) In particular, the basic information must contain the following:

- a) information about the tokens to be emitted and the related rights;
- b) a description of the technologies used;
- c) designation of the TT System used;
- d) a description of the purpose and nature of the underlying legal transaction of the Token Emission;
- e) a description of the purchase and transfer conditions of the token;
- f) information about the risks associated with the purchase of tokens;
- g) a risk warning explaining that investments are not covered by the Deposit Guarantee Act and the Investor Compensation Act.

h) in issuing rights to property:

1. evidence of a registered Physical Validator witnessing ownership of the property, and
2. a confirmation from a registered Physical Validator that the rights issued are also enforceable according to basic information.

2) The basic information furthermore contains a summary, which provides brief and easily comprehensible key information in the same language in which the basic information was originally created. The summary must also include warnings that:

- a) it only serves as an overview of the following basic information;
- b) the purchaser must read all basic information before making the investment; and
- c) those persons who have assumed responsibility for the summary, including a translation thereof, or from whom its issuance originated, can be held liable, but only in the event that the summary is misleading, inaccurate or contradictory when read together with the other parts of the basic information.

3) The basic information must specify names and functions of the actors involved. In the case of legal entities, the company name and registered office of the actors responsible for the content must be recorded. Further, the basic information must include a statement by these persons, companies, or other legal entities that, to their knowledge, the information is correct and no essential details have been omitted.

4) The basic information must include information on the names and functions of companies, and other legal entities involved, including the company

name and registered office of those responsible for the technical and legal functionality of the tokens.

5) The basic information must bear the date of issue and be signed by the Token Emitter.

6) Addendums to Basic Information

- a) Any important new circumstance, significant inaccuracy, or imprecision in relation to the details contained in the basic information, which could influence the valuation of the tokens emitted, and which are determined after the initial publication of the basic information, must be mentioned in a basic addendum.
- b) The addendum must be published and reported to FMA within a maximum of seven working days.
- c) In addition, the summary and any translations thereof must be supplemented by the information contained in the addendum.

7) The government can regulate details by ordinance.

Art. 31

Exemptions

1) The obligation of Art.28 does not apply to a public offer of tokens if one of the following exemptions applies:

- a) if all buyers have verifiably disclaimed the basic information prior to purchasing the token;
- b) if the offer is directed at less than 150 users;

- c) if the selling price of the total emission does not exceed CHF 1 000 000 or the equivalent value in another currency, calculated over a period of 12 months;
- d) if there is a pre-existing obligation to publish qualified information about the public token offer under other laws.

2) At each subsequent public resale of tokens, no further basic information shall be published if:

- a) the basic information in line with Art. 28 has already been published; and
- b) the Emitter, or the person responsible for producing the basic information, has agreed to its use in a written agreement.

Art. 32

Liability

1) If details in the basic information, in accordance with this Act, are incorrect or incomplete, or the preparation of basic information ensuring compliance with these regulations is omitted, the responsible persons, in accordance with Art. 30 (3), must be held liable to each user for the damage caused to the user, unless they can prove that they have applied the care of a reasonably prudent businessman in the preparation of the basic information. Damage is only considered to be direct suffered damages, not speculative damages related to the loss of profits.

2) The persons referred to in (1) must also be liable for their employees, agents, and sub-contractors, unless they can prove that they have applied due care required under the circumstances in the selection, instruction, and monitoring of these employees, agents, and/or sub-contractors.

3) The liability, according to (1) and (2), can neither be disclaimed nor limited in advance in an attempt to disadvantage users or avoid liability for intent and gross negligence.

4) These responsible persons are only liable for details in the summary, including its translations, if these details are misleading, incorrect, or contradictory in connection with other parts of the basic information or these details fail to convey all key information. Further, the summary must contain a clear warning notice regarding this liability.

Art. 33

Solidarity and Recourse

If several persons are liable to pay compensation for a damage, each of them will be held jointly and severally liable with the others so long as the damage is personally attributable to their own negligence and circumstances.

Art. 34

Place of Jurisdiction

The Court of Justice shall have jurisdiction for claims of the transferee of token regarding the legal relationship with the Token Emitter, who publicly offered token within the country.

Art. 35

Statute of Limitations

Any claim for damages against the persons who are responsible in accordance with the above provisions will be barred by the statute of limitations one year from the date on which the cause of action accrues, the cause of action

accruing on the date the injured party is both aware of the damage and the identity of the party liable for the damage, expiring regardless, three years from the date of the harmful act.

IV. Registration and Cancellation

A. Compulsory Registration

Art. 36

Compulsory Registration

1) The following TT Service Providers must apply in advance in writing to the FMA for entry into the TT register, if they commercially provide any of the following TT Services in Liechtenstein:

- a) Token Emitter;
- b) TT Protector;
- c) TT Depositary;
- d) TT Exchange Officer Operator;
- e) Physical Validator;
- f) TT Identity Service Provider.

2) The following TT Service Providers may voluntarily apply to the FMA for entry into the TT register, if they commercially provide any of the following TT Services in Liechtenstein:

- a) Token Generator;

- b) TT Verifying Authority;
- c) TT Price Service Provider.

3) An application to the FMA under (1) and (2) for entry into the TT Service Register under Art. 41 must include:

- a) Information about the intended TT Service;
- b) Address of the applicant's registered office or place of residence;
- c) Information regarding the legal nature of the applicant, in the event that the applicant is a legal entity or partnership.

4) The application must be accompanied by the following documents:

- a) for natural persons:
 - 1. Documentation proving the applicant's first and last name, place of residence, age and nationality; and
 - 2. Evidence that the applicant is reliable within the meaning of Art. 13 (3).
- b) for legal entities and registered partnerships:
 - 1. Documentation from the commercial register, which cannot be older than six months; and
 - 2. Evidence that the managers or persons responsible for managing TT Services are reliable.
- c) unrelated to the legal form of the applicant:
 - 1. a description of the planned activities in accordance with (1);
 - 2. Evidence of the minimum capital or a guarantee in accordance with Art. 13 (4c); and

3. Information on the TT Systems which are planned to be used, including a justification as to why the TT Service Provider assumes that the requirements of Art. 3 are met.

5) The application and the documents to be attached to the application may be electronically submitted to the FMA in accordance with the E-Government Act. If the FMA has doubts regarding the authenticity of any of the attached documents, it may request the applicant submit the original documents. In such a case, the document in question will not be deemed to have been received until it has been received in its original form.

6) Changes regarding the registration requirements must be reported to the FMA immediately. This notification to the FMA must be made prior to any public announcement.

7) If a financial intermediary already approved by the FMA wishes to provide one or more TT Services, the FMA may waive the documentary evidence requirements for registration in accordance with (4).

Art. 37

Registration

1) Based on the complete application and the information respectively documents submitted, the FMA must verify whether the registration requirements have been met. The FMA must make a decision regarding the complete application within three weeks and, if the registration requirements are met, then the applicant has to be entered into TT Service Provider Register in accordance with Art. 41. The FMA will notify the applicant of the application's entry into the system by sending an extract from the TT Service Provider

Register. The FMA may carry out registration subject to conditions and obligations.

2) If the registration requirements are not met, the FMA must note this insufficiency within the period specified in (1), notwithstanding a procedure under Art. 48, and in the case of TT Services under Art. 36 (1), prohibit the exercise of the TT Service in question.

B. Cancellation

Art. 38

Expiration of Registration

1) Registration in accordance with Art. 36 (1) and (2) will expire if:

- a) the business has not commenced within a year;
- b) the business activity was not carried out for more than one year;
- c) the registration is waived in writing;
- d) the FMA revokes the registration in accordance with Art. 39;
- e) bankruptcy proceedings are opened in respect of the TT Service Provider with legal effect; or
- f) the company name of the TT Service Provider is removed from the Commercial Register.

2) The expiration of a registration must be published in the Official Journal at the expense of the TT Service Provider and noted in the TT Service Provider Register in accordance with Art. 41.

Art. 39

Revocation of Registration

1) The FMA must revoke a registration in accordance with Art. 36 (1) and (2) if:

- a) the registration requirements are no longer met;
- b) the TT Service Provider obtained the registration by false information or the FMA was unaware of the essential circumstances;
- c) a TT Service Provider systematically violates its legal obligations in a serious manner; or
- d) a TT Service Provider does not comply with the FMA's requests to restore the lawful status.

2) The revocation of a registration must be justified and communicated to the TT Service Provider in question. After becoming legally effective the revocation must be published in the Official Journal at the expense of the TT Service Provider and must be noted in the TT Service Provider Register in accordance with Art. 41.

Art. 40

Consequence of the Cancellation of Registration

1) Upon cancellation of a registration of a TT Service Provider in accordance with Art. 36 (1), the TT Service Provider must immediately terminate the services provided for in the registration.

2) The TT Service Provider must take the necessary precautions to ensure the interests of its clients are not impaired by the discontinuation of activities, and further, inform the FMA of these precautions.

3) If the FMA recognises that the precautions are insufficient, it must monitor implementation, and if necessary, commission an audit office to monitor implementation. The associated costs will be borne by the affected TT Service Provider.

4) In urgent cases the FMA may take the necessary measures without prior warning and without imposing a deadline.

C. TT-Service Provider Register

Art. 41

Maintenance of the TT Service Provider Register

1) The FMA must maintain a publicly accessible register in which the following data must be entered:

- a) the TT Service Providers registered in Liechtenstein, citing the date of registration;
- b) the extent of TT Services provided in accordance with Art. 36 (1) and (2);
- c) any cancellation of a registration in accordance with Art. 38 or 39.

2) The FMA must make the TT Service Provider Register available free of charge on its website. In addition, the FMA must grant any person access to the TT Service Provider Register at its physical office location, so long as technically feasible.

V. Supervision

A. General Information

Art. 42

Organisation and Implementation

The Financial Market Authority (FMA) is mandated with the implementation of this Act.

Art. 43

Official Secrecy

1) The authorities and bodies mandated to implement this Act, any other persons consulted by these authorities and bodies, and all representatives of public authorities shall be subject to official secrecy without any time limits with respect to the confidential information that they gain knowledge of in the course of their official activities.

2) Confidential information within the scope (1) may be transmitted in accordance with this Act or other statutory provisions.

3) If bankruptcy or liquidation proceedings have been initiated over a TT Service Provider by the decision of a court, confidential information which does not relate to third parties may be disclosed in civil law proceedings, if this is necessary for the proceedings concerned.

4) Without prejudice to cases covered by the requirements of criminal law, the FMA, all other administrative authorities, courts and bodies, natural persons,

or legal entities may only use confidential information that they receive in accordance with this Act only for purposes of fulfilling their responsibilities and tasks within the scope of this Act or for purposes for which the information was given, and/or in the case of administrative and judicial proceedings that specifically relate to the fulfilment of these tasks.. If the FMA, another administrative authority, court, body, or a person transmitting information, gives its consent; then the authority receiving the information may use it for other financial market supervision purposes.

Art. 44

Cooperation Between National Authorities and Agencies.

The FMA and other competent domestic authorities and bodies shall work together to the extent necessary for the fulfilment of their duties.

Art. 45

Data Processing

1) The FMA and other competent domestic authorities and bodies may process personal data to the extent necessary for the fulfilment of their duties.

2) Authorities and bodies under (1) may disclose personal data to each other and to the competent authorities of another EEA member state or – under the requirements of data protection legislation – the authorities of a third state, insofar as this is necessary for the fulfilment of their tasks.

B. FMA

Art. 46

Responsibilities and Powers

1) The FMA is responsible for the following tasks:

- a) The registration and cancellation of registrations;
- b) Maintaining the TT Service Provider Register in accordance with Art. 41;
- d) The punishment of contraventions in accordance with Art. 49.

2) The FMA has all necessary authority to perform its tasks and may, in particular:

- a) require TT Service Providers to provide all information and documents required for the execution of this Act;
- b) order or carry out extraordinary audits;
- c) make decisions and ordinances;
- d) publish legally binding decisions and rulings;
- e) carry out on-site inspections of TT Service Providers; and
- f) in urgent cases, make all necessary arrangements, take all necessary measures, and issue all necessary orders without prior warning and without imposing a deadline.

3) The costs incurred due to misconduct shall be borne by those responsible in accordance with Art. 26 of the Financial Market Supervision Act.

4) If the FMA becomes aware of violations of this Act, ordinances issued in connection therewith, or of other deficits, it shall take the measures necessary to bring about a proper state of affairs and to eliminate the deficits.

5) The FMA may assign an expert as its observer to a TT Service Provider if the interests of users or creditors appear to be acutely endangered by maladministration. The external audit office appointed may be entrusted with this responsibility. The observer shall monitor the activities of the governing bodies, in particular the implementation of the measures ordered, and shall report to the FMA on an ongoing basis. The observer shall enjoy the unrestricted right to inspect the business activities and the books and files of the TT Service Provider. The cost of the supervisor must be borne by the TT Service Provider, insofar as a reasonable relationship exists between the work associated with the activity and its expenses.

6) If there is reason to assume that an activity subject to this Act is being conducted, the FMA may demand information and documents from the person concerned. In urgent cases, the FMA may order the immediate cessation and dissolution of the activity without prior warning and without imposing a deadline.

Art. 47

Supervision taxes and fees

The Supervision taxes and fees shall be levied in accordance with the Financial Market Supervision Act.

C. Proceedings and Legal Remedies

Art. 48

Proceedings and Legal Remedies

1) Decisions and decrees of the FMA may be appealed within 14 days of service to the FMA Complaints Commission.

2) If a complete application for registration of a TT Service Provider is not decided within three weeks of its receipt, a complaint may be lodged with the FMA Complaints Commission.

3) Decisions and decrees of the FMA Complaints Commission may be appealed within 14 days of service to the Administrative Court.

4) To the extent not otherwise specified in this Act, the provisions of the National Administration Act shall apply to the procedure.

VI. Penal Provisions

Art. 49

Contraventions

1) The FMA shall punish with a fine of up to CHF 30,000 for committing a contravention against TT Service Providers who:

- a) have failed to register in accordance to Art. 36 (1);
- b) use a designation contrary to Art. 23 which suggests an activity in accordance with Art. 36 (1);

- c) fails to arrange for a regular audit or an audit required by the FMA;
- d) fails to meet its obligations toward the external audit office;
- h) fails to provide basic information or provide insufficient basic information in violation of Art. 28;
- i) fails to comply with an decree or order issued to them by the FMA with reference to threat of punishment under this Article.

2) The FMA shall punish with a fine of up to CHF 20,000 for non-compliance if, contrary to Art. 36 (6a), a TT Service Provider fails completely, or in a timely manner, to notify the FMA.

3) The FMA will impose fines on legal entities if the violations are committed by those legal entities within the ordinary course of business. Further, the FMA will impose fines on other actors who have acted either alone; or as a member of the administrative council, management, executive board, or supervisory board of the legal entity; or on the basis of the actor's participation in another management position within the scope of the legal entity. The FMA:

- a) is authorised to represent the legal entity externally;
- b) exercise supervisory powers in a managerial capacity; or
- c) otherwise exert significant influence on the management of the legal entity.

4) The legal entity will also be held responsible for contraventions committed by employees of the entity, albeit not culpable, if the infringement has been made possible or substantially facilitated by the fact that the persons named in (3) have failed to take the necessary and reasonable precautions to prevent such offences.

5) The legal entity's responsibility for the offence and the criminal liability of the persons named in (3) or of employees in accordance with (4) for the same offence are not mutually exclusive. The FMA may refrain from punishing a natural person, where a fine has already been imposed on the legal entity for the same infringement and no special circumstances exist warranting the imposition of additional punishment.

6) When the offence is committed negligently, the maximum penalties set out in (1) and (2) shall be reduced by half.

Art. 50

Responsibility

Where violations are committed in the business operations of a legal person, the penal provisions shall apply to the members of management and other natural persons who acted or should have acted on its behalf. With all persons, including the legal entity, shall, however, be jointly and severally liable for monetary penalties, fines, and costs.

VII. Transitional and Final Clauses/Provisions

Art. 51

Transitional Provision

1) The provisions governing the issue of tokens (Art. 28-35) shall not apply if the tokens were offered to the public for the first time prior to the commencement of this Act.

2) The provisions on the disposal of tokens (Art. 6 -12) may retroactively be declared applicable to tokens generated before the commencement of this Act.

3) TT Service Providers, in accordance with Art. 36 (1), who started their activities prior to the commencement of this Act, must submit an application to the FMA for registration within six months.

Art. 53

Entry into Force

This Act will enter into force on xxx 2019 subject to the unused expiry of the referendum period, otherwise on the day of its promulgation.

1.1 Amendment of the Due Diligent Act (SPG)

Law

from ...

on the amendment of the Due Diligence Act

I hereby grant My consent to the following Resolution adopted by the Parliament:

I.

Amendment of Existing Law

The Law of 11 December 2008 on Professional Due Diligence in the fight against money laundering, organised crime and terrorist financing (Due Diligence Act, DDA) Liechtenstein Legal/Law Gazette. 2009 No. 47, in its current version, is amended as follows:

Art. 3

Scope of application

- 3) This Act applies to persons subject to due diligence. These are:
- r) Token Emitters under the TTA (Trustworthy Technologies Act);
 - s) TT Protectors under the TTA;
 - t) Physical Validators under the TTA;

- u) TT Depositories under the TTA;
- v) TT Identity Service Providers under the TTA;
- w) TT Exchange Office Operators under the TTA;

Art. 23

Responsibilities

1) Responsibility for oversight and for the execution of this Act and the implementation of Regulation (EU) 2015/847 shall reside with:

- a) the FMA with reference to persons subject to due diligence referred to in Art. 3 (1) a) to l) and n) to w);

II. Entry into Force

This Law comes into force at the same time as the TT Act of #.#.####.

1.2 Amendment of the Financial Market Supervision Act (FMSA)

Law

from ...

on the Amendment of the Financial Market Supervision Act

I hereby grant My consent to the following Resolution adopted by the Parliament:

I. Amendment of Existing Law

The Act of 18 June 2004 on Financial Market Supervision (Financial Market Supervision Act; FMSA), Liechtenstein Law Gazette. 2004 No.175, in its current version, is amended as follows:

Art. 5

Functions

- 1) Unless specified otherwise by law, the FMA shall be responsible for the supervision and execution of this Law and of the following Laws, including the implementing ordinances issued in association therewith:
z^{septies}) Law on Transaction systems based on Trustworthy Technologies (TTA);

Annex 1, Fee Rates

L. TT Service Provider

1. The fees for official processing within the framework of TT Service Provider registration under the TTA are for:
 - a) the grant or refusal: 3000 Francs;
 - b) the cancellation: 1,000 Francs;
 - c) the expiration: 1,000 Francs.
2. The fees for the completion of other tasks in accordance with the TTA range from CHF 500 to 10,000, depending on the effort and complexity of the order being created.

Annex 2, Section VII. TT Service Provider according to TTA.

The annual supervisory tax for TT Service Providers is CHF 500.

II. Entry into Force

This law comes into force at the same time as the TT Act of **##.####.**

1.3 Act on the Amendment of Persons and Companies Act.

Law

from ...

concerning the amendment of Persons and Companies Act.

I hereby grant My consent to the following Resolution adopted by the Parliament:

I. Amendment of Existing Law

The Persons and Companies Act (PGR) of 20 January 1926, Liechtenstein Law Gazette. 1926. No. 004, in its current version, shall be amended as follows:

§ 81a (Final Section)

Book-entry Securities

1) The debtor can issue rights with the same function as securities (book-entry securities) or replace fungible securities with book-entry securities, if the issue conditions, the Articles of Association provide for this, or if the beneficiaries have given their consent.

2) The debtor shall keep a register of book-entry securities he has issued, in which the number and denomination of book-entry securities issued, as well as the creditors, must be recorded. The book-entry register can also be kept using Trustworthy Technologies in accordance with Art.3 of the TT Act of xx.xx.2019.

3) The book-entry securities come into being upon their entry into the register and exist in accordance with the entry in question.

4) The transfer of book-entry securities or the appointment of limited rights will take place upon entry by the purchaser or the transferee in the register of book-entry securities. If the book-entry register is kept using Trustworthy technologies in accordance with Art.3 TT Act, its transfer or bailment is governed exclusively by the provisions of the TT Act xx.xx.2019.

5) Anyone who acquires book-entry securities or rights to book-entry securities in good faith from the person who recorded the entry in the book-entry security register will be protected in his acquisition, even if the seller was not authorised to dispose of the book-entry securities.

6) The debtor is only obliged to pay the creditor entered in the book-entry register. He will be exempted by making a payment to the creditor entered in the book-entry register upon dereliction, unless he is guilty of malice or gross negligence.

II. Entry into Force

This law comes into force at the same time as the TT Act of ##.#####.

1.4 Law Concerning the Amendment of the Business Act.

Law

from ...

concerning the amendment of the Business Act.

I hereby grant My consent to the following Resolution adopted by the Parliament:

I. Amendment of Existing Law

The Business Act (GewG) of 22 June 2006, Liechtenstein Law Gazette. 2006 No 184, in its current version, shall be amended as follows:

Art. 3

Exceptions to the scope of application

s) Registered TT Service Providers in accordance with the TT Act.

II. Entry into Force

This law comes into force at the same time as the TT Act of #.#.####.