

Factsheet concerning the protected cell company (PCC) (Art. 243 to Art. 243h of the Liechtenstein Persons and Companies Act – “PGR”)

1. Terminology and legal nature

The protected cell company (“PCC”) is not a separate legal form. Instead, all legal entities pursuant to the Liechtenstein Persons and Companies Act (“PGR”) may be set up in the form of a protected cell company, insofar as they **have to be entered in the Commercial Register on a mandatory basis** or **are in fact entered on a voluntary basis**. The European company (“SE”), the European cooperative society (“SCE”) and the European economic interest grouping (“EWIV”) cannot be segmented.

Existing legal entities may also be segmented retrospectively through conversion.

A protected cell company must necessarily consist of two organisational parts:

- a core or non-cellular part, and
- one or more segments that are separated from each other (cells).

A special characteristic of the protected cell company is that the assets of the individual segments are separated from each other and from the assets of the core.

The individual segments (cells) must be subject to a legally admissible field of activity and must be consistent with the purpose of the legal entity; this could be, for example, the management of assets that are subject to a specific common-benefit purpose. The business field relevant to the segment (cell) could, for example, relate to the operation of a company pension fund. The individual segments do not have their own legal personality, but instead only the protected cell company itself.¹

2. Setting up a protected cell company

2.1 Setting up a new company

The set up procedure is based on the provisions applicable to the setting up of the respective legal form.

¹ Art. 243 Para. 3 PGR

2.2 Setting up through conversion of a non-protected cell company into a protected cell company

An existing legal entity can be converted into a protected cell company.² The conversion may take place only if provision is made for this in the articles. The conversion resolution is adopted by the supreme managing body, insofar as the articles do not stipulate a different managing body. The resolution may be adopted only if a special audit report or expert report has ascertained that the claims of the creditors remain fully covered despite the conversion.

The conversion resolution must be submitted to the Office of Justice and must be announced by the Office of Justice pursuant to Art. 958 Fig. 1 PGR. The announcement must inform creditors whose claims have been established before the resolution was announced that security will be given to them, unless they can demand satisfaction if they make themselves known within two months for this purpose.

The conversion may only be entered in the Commercial Register after the expiry of the deadline set for creditors and after the registered creditors have been satisfied or their claims have been secured.

Adherence to the deadline must be demonstrated to the Office of Justice. Together with the application for registration of the conversion, the conversion resolution (which should already be available to the Office of Justice) and the special audit and expert report must be submitted to the Office of Justice in addition to the other supporting documents required for registration.

In the case of the segmentation of **foundations**, it is essentially the case that a retrospective segmentation (conversion) is possible, insofar as the articles make provision for this. If this is the case, the segmentation may be resolved by the foundation council as the supreme managing body of the foundation.³ Retrospective segmentation is, however, also possible if the founder has reserved an amendment right⁴ in the articles and if the founder amends the foundation articles in order to enable the segmentation of the foundation.

3. Organisation of the protected cell company

The organisation is based on the provisions applicable to the organisation of the respective legal form.

A protected cell company must under all circumstances, however, have an audit authority.⁵

4. Articles and regulations of the protected cell company

The articles of the protected cell company must also contain the following details in addition to the provisions required for the respective legal form:⁶

- the declaration that it is a protected cell company;
- the naming of the individual segments;
- the fields of activity of the individual segments.

² Art. 243a PGR

³ Art. 552 § 32 PGR

⁴ Art. 552 § 30 PGR

⁵ Art. 243 Para. 4 PGR

⁶ Art. 243c Para. 1 PGR

The naming of the segments and the description of their fields of activity may also be performed in regulations issued on the basis of the articles, insofar as the articles make corresponding provision for this.⁷ In this case, the regulations must be submitted to the Office of Justice for entry together with the registration, but do not have to be deposited with the Office of Justice. In the case of amendments of the regulations, these must be reported to the Office of Justice, as otherwise they will be legally invalid.

5. Registered domicile of the protected cell company

The general provisions are applicable, that is to say the registered domicile of the protected cell company is located at the place at which the legal entity has the centre of its administrative activities. Provisions concerning registered domiciles within an international context remain reserved.⁸

6. Purpose of the protected cell company

The protected cell company may pursue exclusively one or more of the following purposes:⁹

- common-benefit or charitable purposes within the meaning of Art. 107 Para. 4a PGR;
- the acquisition, the management and the exploitation of holdings in other companies (subsidiaries);
- the exploitation of copyrights, patents, brands, designs or models;
- deposit guarantee and investor protection schemes pursuant to the applicable EEA legislation.

7. Assets and capital of the protected cell company¹⁰

The assets of the protected cell company consist of the core assets of the protected cell company and the assets of the individual segments (segment assets). The core assets mean the assets that are not allocated to the individual segments.

Regulations concerning the minimum capital of the respective legal form apply to the protected cell company with regard to its core assets. In addition, each segment must have a legal reserve equal to the minimum capital of the protected cell company.

8. Liability and responsibility

Liability and responsibility are governed by the relevant provisions of the respective legal form.

In addition, a protected cell company must inform third parties with whom it enters into legal contract in writing of its status as a protected cell company when entering into contractual negotiations. The segment with whose assets the protected cell company is liable for the legal relationship in question must be identified. If the core assets are liable, this must also be indicated accordingly.¹¹

⁷ Art. 243c Para. 2 PGR

⁸ Art. 113 Para. 1 PGR, Art. 232 Para. 1 PGR

⁹ Art. 243 Para. 1 PGR

¹⁰ Art. 243e PGR

¹¹ Art. 243f PGR

Since the individual segments are not independent legal entities with their own legal personality, only the managing bodies of the protected cell company are responsible and liable in accordance with the general provisions.

9. Bankruptcy of the protected cell company

Separate bankruptcy proceedings may be conducted both over the protected cell company itself and over each of the individual segment assets pursuant to the rules governing bankruptcy.¹²

10. Rendering of accounts and disclosure obligations

The protected cell company is obliged to render proper accounts pursuant to Art. 1045 et seq. PGR¹³, irrespective of whether proper rendering of accounts is prescribed for the respective legal form or not.

A protected cell company is also subject to disclosure obligations if the disclosure obligation is prescribed for the respective legal form.

11. Audit and review obligations¹⁴

The audit and review obligations are based on the respective legal form of the protected cell company.

12. Legal principles

- *Persons and Companies Act (Personen- und Gesellschaftsrecht – “PGR”) of 20 January 1926 (Liechtenstein Law Gazette (“LGBI”) (1926 No. 4))*
- *Commercial Register Ordinance (Handelsregisterverordnung – “HRV”) of 11 February 2003 (LGBI. 2003 No. 66)*
- *Persons and Companies Ordinance of 19 December 2000 (Verordnung vom 19. Dezember 2000 zum Personen- und Gesellschaftsrecht); (LGBI. 2000 No. 281)*
- *Ordinance of 11 February 2003 concerning Land Register and Commercial Register Fees (Verordnung vom 11. Februar 2003 über die Grundbuch- und Handelsregistergebühren) (LGBI. 2003 No. 67)*

¹² Art. 243f Para. 4 PGR

¹³ Art. 243 Para. 4 PGR

¹⁴ Art. 1058 PGR