

Administrative sanction of 17 July 2026 for non-compliance with professional obligations related to anti-money laundering / counter financing of terrorism

Luxembourg, 15 October 2026

Administrative decision

On 17 July 2026, further to an on-site inspection on the professional obligations related to anti-money laundering and counter financing of terrorism ("**AML/CFT**"), the CSSF imposed a reprimand on CF Fund Services (the "**PFS**"), authorised as specialised professional of the financial sector in accordance with the provisions of Articles 25, 28-9, 28-10, 29-1 and 29-2 of the amended law of 5 April 1993 on the financial sector.

Legal framework/motivation

The reprimand was imposed by the CSSF pursuant to the provisions of Article 2-1(1) of the Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended ("**AML/CFT Law**") read in conjunction with the provisions of Article 8-4(1) and (2)(b) of the AML/CFT Law for non-compliance with AML/CFT professional obligations.

In order to determine the type of the administrative sanction, the CSSF duly took into account all the legal and factual elements set out and discussed as part of the contradictory procedure, the number and degree of severity of the breaches existing at the time of the on-site inspection in accordance with the provisions of Article 8-5(1) of the AML/CFT Law, as well as the fact that the PFS has acknowledged the breaches and observations and has provided a general action plan and initiated corrective measures after the on-site inspection in order to remedy the breaches identified.

The professional obligations of the PFS in relation to which the breaches were observed are namely quoted in the relevant provisions of:

- (i) the AML/CFT Law;
- (ii) CSSF Regulation No 12-02 of 14 December 2012, as amended, on the fight against money laundering and terrorist financing ("**CSSF Regulation No 12-02**") which constitutes an implementing measure of the AML/CFT Law;

in their version applicable at the time of the on-site inspection.

Legal base for the publication

This publication is made on a nominative basis in accordance with the provisions of Article 8-6(1) of the AML/CFT Law, the CSSF having considered that none of the legal exceptions provided for under this provision applies.

Context and major cases of non-compliance with the professional obligations identified

This administrative sanction is the result of an on-site inspection carried out by the CSSF on the PFS between the second quarter of 2023 and the fourth quarter of 2024 covering the AML/CFT framework and focusing on the transfer agent activity of the PFS, and more specifically on the customer and investor due diligence, the name matching controls (i.e., controls aimed at identifying individuals, entities, or groups subject to financial restrictive measures, politically exposed persons ("**PEP**"), and individuals subject to adverse media) and on the PFS's cooperation with the authorities. During the on-site inspection, the CSSF identified important breaches by the PFS of its AML/CFT professional obligations, more specifically regarding its obligation to cooperate with the authorities, which related in particular to the following points:

- The PFS filed a suspicious activity report ("**SAR**") with delay to the Financial Intelligence Unit ("**FIU**"). Indeed the PFS identified suspicious elements related to a case of fraud concerning an investor, through a positive hit generated by the name matching controls in May 2022. However, the PFS only filed a SAR to the FIU in February 2023, hence approximately 9 months after the alert was generated. Such a delay could undermine the effectiveness of the measures the FIU might take, such as the seizure of potentially fraudulent assets that have been invested. This constitutes a violation of the obligation laid down in point (a) of Article 5(1) of the AML/CFT Law, which requires professionals to inform promptly, on their own initiative, the FIU when they know, suspect or have reasonable grounds to suspect that money laundering, an associated predicate offence or terrorist financing is being committed or has been committed or attempted.

- The PFS failed to report to the FIU two suspicious cases:

For one case, the PFS identified close links between a prospective investor and a PEP who was under investigation for fraud and corruption. This prospective investor backed out when the PFS requested further information on the source of funds and source of wealth. Due to the decision of the investor not to enter into a business relationship, the PFS did not file a SAR. We, however, consider that a SAR should have been filed as information relating to the source of funds and wealth could give rise to reasonable grounds to suspect an attempt at money laundering, especially as the prospective investor finally refused to enter into a business relationship due to the additional questions raised by the PFS. The decision not to enter into a business relationship does not negate the obligation to submit a report to the FIU where a suspicion of money laundering has been identified; such a

report was not submitted in this case. This constitutes a breach of the obligation set out in point (a) of Article 5(1) of the AML/CFT Law, as well as a breach of the obligation set out in Article 48(1) of CSSF Regulation No 12-02, which requires that the obligation to inform the FIU without delay, as provided for in point (a) of Article 5(1) of the AML/CFT Law, also covers the cases in which the professional came into contact with a natural or legal person, or a legal arrangement, without entering into a business relationship or carrying out a transaction, insofar as there are suspicions or reasonable grounds for suspicion of money laundering, an associated predicate offence or terrorist financing.

For the second case, the PFS identified press articles reporting on legal proceedings initiated against an investor identified as PEP for acts that may constitute a predicate tax offence. At that time (2017/2018), the PFS had decided to place the business relationship under enhanced monitoring until the conclusion of the investor's trial. We nevertheless consider that the information available to the PFS was sufficient to give rise to a suspicion of money laundering arising from a predicate tax offence, as it could not be excluded that the funds invested constituted the proceeds of such an offence. This suspicion existed irrespective of the outcome of the judicial proceedings and should have resulted, without delay, in the filing of a SAR with the FIU.

The information provided to the FIU may indeed be used in the course of its analysis and, where appropriate, shared with the competent authorities, including foreign authorities, in order to contribute to an ongoing investigation or judicial proceedings. This constitutes a breach of the obligation set out in aforementioned point (a) of Article 5(1) of the AML/CFT Law. Furthermore, we noted that dividends had been paid, thereby constituting a breach of the obligation set out in Article 5(3) of the AML/CFT Law, which requires professionals to refrain from carrying out transactions of which they know, suspect or have reasonable grounds to suspect to be related to money laundering, to an associated predicate offence or to terrorist financing until they have informed the FIU thereof in accordance with Article 5(1) and (1a) of the AML/CFT Law.

- The PFS failed to implement adequate monitoring regarding an investor who had been reported to the FIU. This investor initially attempted to transfer her shares in an investment fund to a member of her family. The PFS refused that transfer due to suspicion that the investor was trying to conceal the ownership of her shares in the context of a divorce settlement and proceeded to file a SAR to the FIU. Nonetheless, 8 months after that first attempt, the investor transferred her shares to a third party, who, in turn transferred the shares to the family member recipient of the initially refused transaction. As a result, the initial suspicious transaction, which was refused by the PFS, was finally carried out through a third party. We consider that the PFS has not conducted sufficient enhanced due diligence measures on the investor following the filing of the SAR, which led to non-detection by the PFS of subsequent suspicious transactions.

This constitutes a breach of Article 48(3) of CSSF Regulation No 12-02 which requires that, without prejudice to the obligations laid down in Article 5(3) of the AML/CFT Law, a business relationship which is subject to a report of suspicion with the FIU, shall be

monitored with enhanced due diligence by the professional and, where appropriate, in line with the FIU instructions; in case of new indications, the professionals shall carry out a complementary suspicious transaction report.