

Administrative sanction of 8 October 2025 for non-compliance with professional obligations related to corporate governance aspect

Luxembourg, 04 March 2026

Administrative decision

On 8 October 2025 the CSSF imposed an administrative fine amounting to EUR 223,000 (“two hundred twenty-three thousand”) on an investment firm (the “Entity”).

Legal framework/motivation

The administrative fine was imposed by the CSSF pursuant to Articles 63-2a(1) to 63-2a(4), 63-2b and 63-4 of the amended Law of 5 April 1993 on the financial sector (the “LFS”) for non-compliance with the professional obligations related to corporate governance aspects as set forth in the following articles :

- Article 14, paragraph (2) of the LFS,
- Article 17, paragraph (1) of the LFS,
- Article 17, paragraph (1a) of the LFS,
- Article 19, paragraph (3) of the LFS,
- Article 40 of the LFS and
- Article 59 of the LFS.

In order to determine the type and amount of the administrative sanction, the CSSF duly took into account all the legal and factual elements set out and discussed, the number and degree of severity of the breaches in accordance with the provisions of Article 63-4 of the LFS, as well as the fact that the Entity has acknowledged the findings and observations and has provided a general action plan and initiated corrective measures in order to remedy the breaches found.

In this regard, it should be noted that the breaches were detected between 2019 and 2024, and the Entity has since then informed the CSSF of the implementation of a substantial remediation plan to remediate all the identified breaches as well as of several changes in the composition of its management bodies and in its control functions.

The professional obligations in relation to which the breaches were observed are quoted in the relevant provisions of the LFS and in Circular CSSF 20/758 as amended by Circulars CSSF 21/785 and CSSF 22/806 on Central administration, internal governance and risk management.

Legal bases for the publication

This publication is made in application of the provisions provided for by subparagraph 2 of Article 63-3a(1) of the LFS. In the case at hand, the CSSF concluded that one of the exceptions to the principle of publication on a nominative basis provided for in the aforementioned provision is fulfilled.

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

This administrative fine is the result of:

- Information and findings relative to the internal governance arrangements gathered during an on-site inspection carried out by the CSSF between 2022 and 2024.
- Information provided by the Entity in the context of the 2023 closing documents.
- Information provided by the Entity in response to an injunction letter dated 18 February 2020 regarding the outcome of our corporate governance on-site inspection carried out by the CSSF in 2019.

In relation to this information, the CSSF has identified cases of non-compliance with professional obligations relating to internal governance arrangements, in particular in the following areas:

- The CSSF has observed findings regarding the central administration in Luxembourg resulting in non-compliance with Article 17(1) of the LFS and with points 1, 2 and 3 of Part II, Chapter I of the Circular CSSF 20/758. As regards the decision-making centre which shall be permanently anchored in Luxembourg, the CSSF notably observed the following shortcomings:
 - (i) The Entity did not comply with the condition of permanent presence in Luxembourg of the central administration. Notably, two out of the three members of the authorised management as well as the Chief Investment Officer did not reside permanently in Luxembourg or in the Greater Region. Moreover, a significative proportion of relationship managers exercising the client facing functions also resided outside of Luxembourg.
 - (ii) The Entity excessively recurred to the staff and the systems of its parent undertaking for the conduct of its core business activity to the extent that the Entity outsourced its portfolio management activities excessively outside of Luxembourg.
- The CSSF has observed shortcomings in the internal control framework, inadequate internal control mechanisms and absence of robust internal governance arrangements as regards the Entity's activities, resulting in non-compliance with Article 17(1a) of the LFS and with points 11, 14, 15, 54, 111, 112 and 113 of Part II of the Circular CSSF 20/758. In this context, the CSSF has observed:
 - (i) Deficiencies regarding the internal control functions (setup, framework and knowledge) jeopardizing the sound and prudent management of the Entity.



Commission de Surveillance
du Secteur Financier

- (ii) Deficiencies regarding the internal audit function and external audit of the Entity.
- (iii) Deficiencies regarding the responsibilities and collective fit and proper of the Board of Directors of the Entity.