

Administrative penalty of 17 November 2023 for non-compliance with professional obligations related to governance and IT organisation

Administrative penalty imposed on the credit institution Mizuho Trust & Banking (Luxembourg) S.A.

Luxembourg, 20 February 2024

Administrative decision

On 17 November 2023, the CSSF imposed an administrative fine amounting to 444,400 euros on the credit institution Mizuho Trust & Banking (Luxembourg) S.A. ("**Mizuho**"), authorised as credit institution in accordance with the provisions of Article 2 of the law of 5 April 1993 on the financial sector as amended ("**LFS**").

Legal framework/motivation

The administrative fine was imposed by the CSSF pursuant to Article 63-2(1)(d) and Article 63-2(2)(e) of the LFS for non-compliance with professional obligations related to governance and IT organisation, taking into account the criteria defined in Article 63-4(1) of this law, in particular the number, the gravity and the duration of the breaches, the financial situation of the legal person held responsible for the breach and the measures taken by the person responsible for the infringement to prevent its repetition.

The CSSF has duly taken into consideration the fact that Mizuho did acknowledge and recognise all the findings and observations on the one hand, and on the other provided a detailed action plan and directly initiated remedial actions in order to resolve the breaches identified.

The professional obligations in relation to which the breaches were observed are in particular related to the governance as well as the IT organisation, and are namely quoted in the relevant provisions of (i) the LFS, (ii) Circular CSSF 20/750 and (iii) Circular CSSF 12/552 as applicable at the time of the facts.

Legal basis for the publication

This publication is made pursuant to the provisions of Articles 63-3(1) and 63-3(2) of the LFS insofar as, following an assessment of proportionality, the CSSF considered that the publication on a named basis was not disproportionate and did not jeopardise neither the stability of the financial markets nor an ongoing investigation.

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

This administrative fine follows a CSSF on-site inspection at Mizuho conducted from October 2022 to June 2023. During the inspection, the CSSF identified serious breaches at the level of governance and IT organisation.

In this regard, this was a breach of Article 5(1a) of the LFS and further detailed by several points of Circular CSSF 20/750 and Circular CSSF 12/552.

The implementation of robust internal governance arrangements is an essential professional obligation and the European guidelines implemented by Circular CSSF 20/750 and Circular CSSF 12/552 require financial institutions to have adequate internal governance and internal control framework in place for their information and communication technology and security risks.

