Commission de Surveillance du Secteur Financier

# Administrative sanction of 15 October 2025 for non-compliance with professional obligations related to corporate governance

Luxembourg, 17 December 2025

## Administrative decision

On 15 October 2025, the CSSF imposed an administrative fine amounting to EUR 225,000 (two hundred and twenty-five thousand) on Mirabaud & Cie (Europe) S.A. (the "**Bank**") authorised as credit institution in accordance with the provisions of Article 2 of the amended Law of 5 April 1993 on the financial sector ("**LFS**"), representing less than one percent (1%) of its total annual turnover as of 31 December 2022 adjusted for the purpose of the calculation.

## Legal framework/motivation

The administrative fine was imposed by the CSSF pursuant to Article 63-2(1) (d) of the LFS read in conjunction with the provisions of Article 63-2(2) (e) of the LFS for non-compliance with corporate governance professional obligations.

In accordance with the provisions of Article 63-2(1) (d), Article 63-2(2) (e) and Article 63-4(1) of the LFS, read together, in order to determine the type and amount of the administrative sanction, the CSSF duly took into account all relevant factors, that are, amongst others, the gravity and the duration of the breaches existing at the time of the on-site inspection, the financial situation of the Bank as well as the fact that the Bank has acknowledged the findings and observations and has provided a general action plan initiating corrective measures during and after the on-site inspection with a view to remedy the identified breaches.

In this regard, it should be noted that the breaches were detected back in 2023, and the Bank 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.

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

(i) the LFS; and
(ii) Circular CSSF 12/552 on central administration, internal governance and risk management as amended (hereafter the "Circular CSSF 12/552"), detailing certain provisions of the LFS concerning the governance framework, in particular pursuant to Article 5(1a) of the LFS

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

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## Legal bases for the publication

This publication is made on a nominative basis in accordance with Article 63-3(1) and (2) of the LFS, following an assessment of the arguments brought forward by the Bank, and considering that the disclosure of the name of the Bank would neither cause a disproportionate damage to it, nor that it would jeopardise the stability of the financial markets or an ongoing criminal investigation.

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

This administrative fine is the result of an on-site inspection carried out by the CSSF on the Bank between May 2023 and December 2023 covering the corporate governance framework. During the inspection, the CSSF identified breaches of legal and regulatory requirements related to the corporate governance obligations as set forth in Articles 5(1a) and 38-1 of the LFS, further specified and detailed in Circular CSSF 12/552. The breach of each of the above-mentioned specific legal and regulatory provisions shall not be considered in an isolated manner, but rather as jointly resulting in the violation of the general rule on robust internal governance provided for by Article 5(1a) of the LFS. These breaches related in particular to the following points:

- The Board of Directors did not establish a structured process for defining, approving, and monitoring the business strategy or aligning it with the risk appetite, the Internal Capital Adequacy Assessment process (ICAAP), and the budget. The long-term strategy to 2028 lacked intermediate targets, assumptions, alternative scenarios and key performance indicators, with no evidence of the authorised management's ownership or follow-up. Additionally, the Bank had not approved its risk strategy, and its risk appetite framework was incomplete and inconsistently calibrated. The definition and critical oversight of the Bank's business and risk strategies by the Board of Directors is crucial to enable effective long-term steering, early risk identification, more resilient capital planning, and sustainable growth and to enhance the decision-making process by ensuring that decisions remain within the Bank's risk-taking capacity. This constitutes a failure to comply with the requirements of Articles 5(1a) and 38-1(a) of the LFS, as further complemented by points 11, 14, and 75 of Part II, and point 3 of Part III of Circular CSSF 12/552, which foresee the overall responsibility of the Board of Directors regarding the implementation of a robust central administration, internal governance and risk management arrangements (including key strategies).

- The Board of Directors did not update or approve some elements of the Bank's governance framework which fall under the Board's responsibility. Furthermore, several weaknesses were identified in the Bank's internal governance documentation. In particular, the conflict-of-interest policy did not cover the Board members and failed to address conflicts of interest arising from an inadequate internal organisation, like the accumulation of responsibilities at the level of the authorised management which could undermine the independence of the internal control functions. Moreover, the internal audit's risk-based approach relied on a Group procedure, was not approved locally and there was no local

procedure governing the follow-up of internal control functions' recommendations. A locally approved governance framework is a key element to enhance the Board of Directors' ability to exercise its effective oversight and ensure timely remediation of weaknesses identified by the internal control functions. This constitutes a failure to comply with the requirements of Article 5(1a) of the LFS as complemented by points 58, 75, 167, 168, and 171 of Part II of Circular CSSF 12/552, which require institutions to maintain comprehensive, up-to-date written documentation relating to central administration and internal governance, including an effective conflict of interest policy and internal control procedures.

- A lack of formalism was detected at the level of the management committees as sufficient detailed terms of reference defining their decision-making, reporting and escalation processes to the authorised management were missing. Meeting minutes did not demonstrate how the authorised management discharged its responsibilities, particularly in allocating adequate resources to risk control function and overseeing outsourced activities. Critical assessments of information provided to the authorised management, decision-making processes, and follow-up on action plans were often undocumented. The oversight framework for the foreign branches focused mainly on compliance, omitting key elements such as risk management, reporting obligations to the Bank, and the involvement of the Bank's internal control heads in decisions regarding the recruitment, dismissal and the remuneration of the heads of the control functions in branches. A structured and documented management committees' framework enables the authorised management to ensure sound, transparent, and well-informed decision making as well as effective oversight of branches. This constitutes a failure to comply with the requirements of Article 5(1a) of the LFS as complemented by points 51, 52, 54, 59, 72, 93,108 and 127 of Part II of Circular CSSF 12/552, which require that the authorised management exercises an effective, sound and prudent day-to-day management of the activities and inherent risks, constructively and critically assesses all proposals and information it receives and documents its decisions, ensures adequate internal control mechanisms, technical infrastructure and human resources, and maintains robust oversight and reporting arrangements for branches.

- The point of view of the internal control functions on material decisions or decisions impacting the risk profile of the Bank (such as a Group reorganisation project impacting the Bank, the launch of new products, or credit approval decisions) was not always evidenced, and recommendations from the internal audit function or external reviews were not implemented promptly. Limited consideration of internal control functions' opinion might reduce the authorised management's ability to make informed, risk-based decisions, while delays in implementing internal control recommendations weaken the internal control environment, leaving risks potentially unassessed or unresolved. This constitutes a failure to comply with the requirements of Articles 5(1a) and 38-1 of the LFS, as further complemented by points 58, 116, 143 and 182 of Part II of Circular CSSF 12/552 which require the authorised management to consider the opinions of internal

control functions before making decisions affecting the Bank's risk profile and to promptly implement corrective measures issued by these functions.

- The 2022 Compliance Monitoring Programme (hereinafter "CMP") was neither risk-based nor exhaustive, omitting some relevant topics (e.g. new products, fraud, data protection, outsourcing, ESG etc.), as well as an estimate of resources needed to complete all CMP controls. The controls performed focused mainly on investor protection and there was no overview on the state of achievement of the CMP. The absence of a comprehensive compliance framework as well as weaknesses in the compliance controls might limit the ability to identify, assess, manage, monitor and report the compliance risks to which it was or might have been exposed. This constitutes a failure to comply with the requirements of Article 5(1a) of the LFS, as further complemented by points 58, 113, 114, 116, 118, 119, 140, 141, 142, 143, 144, and 145 of part II of Circular CSSF 12/552 which require that the institution maintains a comprehensive, structured, and continuously monitored compliance framework, ensuring anticipation, timely identification, assessment, monitoring, mitigation, and reporting of compliance risks and effective follow-up of corrective measures issued by the compliance function.

- Finally, the internal control functions' reports for 2022 and for the first quarter of 2023 to the authorised management and the Board of Directors were incomplete. No compliance risk assessment was presented to the authorised management. Compliance reports lacked information on the status of regulatory projects, identified deficiencies, corrective measures, and follow-up on past issues. Risk management reports failed to explain causes, impacts, and mitigating measures for limit breaches, and did not include forward-looking analyses. Reporting on data quality controls performed as well as the follow-up on recommendations from the risk management function were missing. Although internal audit statistics on the follow-up of recommendations were provided quarterly to the Board of Directors, significant delays and rationales for postponements were not communicated. Extensions of deadlines were decided by the Chief Internal Auditor without approval by the Board of Directors. Such deficiencies in reporting might hinder timely risk mitigation and reduce both the ability of authorised management and the Board of Directors to exercise effective oversight, as well as their awareness of unmitigated risks. This constitutes a failure to comply with the requirements of Article 5(1a) of the LFS, as further complemented by points 58, 117, 142, 143, and 145 of part II of Circular CSSF 12/552, which require that internal control functions ensure comprehensive, transparent, and timely reporting to the management body on their activities, the controls performed, identified issues and related risks, and the corresponding corrective actions.