

COMMISSION de SURVEILLANCE  
du SECTEUR FINANCIER

Luxembourg, 3 December 2012

To all banks and investment firms  
To the Management Board and  
the Board of Directors

**CIRCULAR LETTER**

Madam, Sir,

The orderly development of the financial sector could suffer irreparable reputational damage, if the financial institutions operating in Luxembourg would be used by their customers for illegal activities, including in particular primary offences to money-laundering, which will soon formally include tax crimes.

It is therefore imperative that not only the Management Board and the Board of Directors of your institution, but also your employees and your customers are made aware of your commitment to the principles of integrity, transparency and professionalism.

One efficient way to signal your commitment publicly is to underwrite the Private Wealth Management Charter of Quality which the ABBL has signed with ICMA.

**We hereby request you to inform us whether you have signed that Charter** or whether there are reasons which lead you not to sign it. In that respect, we underline that nothing in the Charter is fundamentally new or does not yet flow from the relevant laws and regulations.

We are nevertheless aware that enforcing this Charter in the right spirit will require a thorough educational effort, both towards your staff and towards your customers. We therefore ask you to call upon your legal and compliance departments as well as your internal auditors to check and report about the respect of the rules laid down in the Charter. We shall verify that its implementation will be effective.

Obviously, the balance between the clients' right to privacy and the States' right to enforce their laws, in particular their tax laws, is critical as a sound basis for private wealth management.

The Charter says that any provider of financial services must avoid actively, systematically or knowingly contributing to tax evasion. It is our understanding that this clause of the Charter implies that you have to make it absolutely clear towards your customers that under no circumstances will you be an accomplice or can they rely on your assistance in an intended tax fraud. Existing as well as new customers must be made fully aware that you cannot and will not break or bend the law on their behalf.

During a long period of transition, many banks and investment firms have helped their clients to become tax compliant. This move should now be completed. The sustainability of private banking and wealth management in Luxembourg depends on your commitment to the principles outlined above.

Yours sincerely,

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER



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