

Administrative sanction of 8 May 2024 for non-compliance with professional obligations related to anti-money laundering / counter financing of terrorism

Luxembourg, 8 July 2024

Administrative decision

On 8 May 2024 the CSSF imposed an administrative fine amounting to EUR 3,000,000 on the credit institution BGL BNP Paribas S.A. (**“the credit institution”**).

Legal framework/motivation

The administrative fine was imposed by the CSSF pursuant to Article 2-1, paragraph (1), Article 8-4, paragraphs (1), (2) and (3) and Article 8-5 of the amended Law of 12 November 2004 on the fight against money laundering and terrorist financing (**“AML/CFT Law”**) for non-compliance with anti-money laundering and terrorism financing’s (**“AML/CFT”**) professional obligations.

In order to determine the type and amount of the administrative sanction, the CSSF has duly taken into account all the legal and factual elements set out and discussed with the credit institution, the number, severity and duration of the breaches that have been observed at the time of the inspection and the level of cooperation of the credit institution with the Financial Intelligence Unit in accordance with the provisions of Article 8-5 of the AML/CFT Law.

In addition, the CSSF has also duly taken into consideration the fact that the credit institution not only fully cooperated with the CSSF throughout the investigation but also reacted by putting in place a general action plan and initiated corrective measures during and after the inspection in order to remedy the breaches found.

The professional obligations in relation to which the breaches were observed are set out in particular in:

- the AML/CFT Law;
- the amended Grand-ducal Regulation of 1 February 2010 (**“AML/CFT Grand-ducal Regulation”**) specifying certain provisions of the AML/CFT Law; and
- The amended CSSF Regulation No 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing (**“CSSF Regulation 12-02”**);

as applicable at the time of the facts.

Legal basis for the publication

This publication is made pursuant to the provisions of Article 8-6, paragraph (1) of the AML/CFT Law, insofar as, following an assessment of proportionality, the CSSF considers that the publication on a named basis is not disproportionate and jeopardises neither the stability of the financial markets nor an ongoing investigation.

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

This administrative fine follows an inspection (“**Inspection**”) carried out by the CSSF on the credit institution between May and November 2021 covering certain aspects of the AML/CFT and internal governance frameworks in relation with a limited number of files belonging to a group of related clients. During the Inspection, the CSSF identified severe breaches of AML/CFT professional obligations which related in particular to the following points:

- The implementation of enhanced due diligence related to the source of funds and source of wealth of the clients being part of the relevant group of related clients, presenting a higher risk of money laundering and terrorist financing, was deficient and did not provide the credit institution with complete, consistent and duly documented information, which, in view of the level of risk of the clients concerned, constituted a failure to comply with Article 3, paragraph (5) and Article 3-2, paragraphs (1), (2) and (4) of the AML/CFT Law, Article 3, paragraph (4) of the AML/CFT Grand-ducal Regulation and Articles 26 and 31, paragraph (2) of the CSSF Regulation 12-02 and therefore a failure to comply with the obligation to take additional measures to establish the source of wealth and the source of funds involved in business relationships that present a higher risk of money laundering and terrorist financing.
- The ongoing due diligence applied to the monitoring of transactions in respect of the group of related clients presenting a higher risk of money laundering and terrorist financing was deficient and therefore did not enable the credit institution to identify unusual or suspicious transactions, in particular when these transactions were not in line with the expected transactions on the accounts, which, in view of the level of risk of the customers concerned, constituted a failure to comply with Article 2-2, paragraph (1), Article 3, paragraphs (2) d) and (7) and Article 3-2, paragraphs (1) and (4) of the AML/CFT Law, Article 1, paragraphs (3) and (4) and Article 3, paragraph (4) of the AML/CFT Grand-ducal Regulation and Article 31, paragraph (2) and Article 32 of CSSF Regulation 12-02, which emphasize the need to examine transactions to ensure that they are consistent with the professional's knowledge of its client, especially in the case of higher-risk clients.
- The credit institution's lack of vigilance with regard to the group of related clients, of which certain clients were subject to adverse press articles, prevented it from informing promptly the Cellule de Renseignement Financier on its own initiative of suspicious activities and/or transactions, thereby failing to comply with Article 5, paragraph (1) (a) of the AML/CFT Law and Article 39, paragraph (5) of the CSSF Regulation 12-02.
- In addition, by closing certain business relationships being part of the relevant group of related clients (and thus transferring their assets outside the credit institution), despite having sufficient

indicia, which as such generated suspicions of money laundering, without first informing the Cellule de Renseignement Financier, the credit institution failed to comply with Article 5, paragraph (3) of the AML/CFT Law.

- The communication with the customer by a limited number of employees that a blocking was in place further to the instruction of the Cellule de Renseignement Financier, without the customer having sought himself to obtain information, constitutes a breach of Article 5, paragraph (5) of the AML/CFT Law.
- The credit institution's internal organisation regarding the validation and/or maintaining of business relationships with a limited number of files belonging to a group of related clients who present a higher risk of money laundering and terrorist financing was deficient and did not allow sufficient involvement of the credit institution's responsible persons for AML/CFT matters; this constituted non-compliance with Article 3-2, paragraph (4) of the AML/CFT Law, Article 3, paragraphs (1) and (4) of the AML/CFT Grand-ducal Regulation and Article 31, paragraph (2) of CSSF Regulation 12-02.