



Frequently asked questions regarding International Financial Sanctions

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TABLE OF CONTENTS

Question 1: What is the applicable legal framework?	4
Question 2: Where are the documents relating to the various international financial sanctions available?	4
Question 3: What are professionals required to report to the Ministry of Finance, and in copy to the CSSF, without delay?	5
Question 4: Where shall the professional send the report regarding the financial restrictive measures?	5
Question 5: Does a form exist for notifying the freezing of funds to the Ministry of Finance?	6
Question 6: What are the roles of the CSSF and the Ministry of Finance regarding international financial sanctions?	6
Question 7: What are the powers of the CSSF in the context of its supervision relating to international financial sanctions?	7
Question 8: Does a consolidated list comprising all the persons and entities subject to international financial (freezing) sanctions exist?	7
Question 9: What does the professional have to do in case of identifying a suspicion of money laundering or terrorism financing or an associated predicate offence or circumvention of financial sanctions (including attempted circumvention), in addition to its client being subject to international financial sanctions?	8
Question 10: What should a financial sector professional do if a natural/legal person belonging to its business relationships is listed on the OFAC's (Office of Foreign Assets Control) sanctions lists?	8
Question 11: What does "international financial sanctions", in particular within the context of the fight against terrorist financing, mean?	8
Question 12: Reporting deposits exceeding EUR 100,000 under article 5g of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilizing the situation in Ukraine, as amended and article 1z of Council Regulation (EU) No 765/2006 of 18 May 2006 concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine, as amended. To whom shall credit institutions communicate this information?	9
Question 13: Where several professionals of the financial sector (e.g. registrar agent, depositary bank, intermediary involved with an investment fund, etc.) are contractually linked and involved in an activity, who is responsible for reporting financial restrictive measures' cases to the Ministry of Finance and the CSSF?	9
Question 14: Can financial restrictive measures apply to an entity if a sanctioned person holds less than 50% of its shares?	10

Question 15: Do financial restrictive measures apply to an entity if it is indirectly owned by a sanctioned person?	11
Question 16: What should a professional do in case of a homonym?	12
Question 17: What does the term “without delay” mean in the context of freezing assets or regarding other restrictive measures in financial matters to be duly applied by the professional of the financial sector?	13

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Question 1: What is the applicable legal framework?

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Professionals need to comply with **the Law of 19 December 2020** on the implementation of restrictive measures in financial matters, which entered into force on 27 December 2020 ("the Law 2020"), with **the Grand-ducal Regulation of 14 November 2022** providing details on the Law of 19 December 2020 on the implementation of restrictive measures in financial matters ("the Grand-ducal Regulation 2022") and with the **CSSF Regulation 12-02** on the fight against money laundering and terrorist financing as modified ("CSSF Regulation 12-02"). While the CSSF Regulation 12-02, in particular its articles 33 and 39 provide for details on the controls and measures to put in place in order to achieve compliance with applicable financial restrictive measures and related professional obligations, the purpose of the Law 2020 is the implementation of restrictive measures in financial matters by the Grand Duchy of Luxembourg in respect of certain States, natural and legal persons, entities and groups.

Also, professionals need to consider the UN and European regulatory framework regarding financial restrictive measures, directly applicable in Luxembourg.

For further details and explanations, please also consider the different Guidance documents and FAQs provided for by the Ministry of Finance on this topic, under the following link: [Sanctions financières internationales - Ministère des Finances // Le gouvernement luxembourgeois](#).

Question 2: Where are the documents relating to the various international financial sanctions available?

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The complete documentation is available on the website of the Ministry of Finance: [Sanctions financières internationales - Ministère des Finances // Le gouvernement luxembourgeois](#).

The CSSF also publishes relevant documentation on its website, under the sections "Financial Crime", "International Financial Sanctions": [International financial sanctions – CSSF](#) and "War in Ukraine": [War in Ukraine – CSSF](#).

Question 3: What are professionals required to report to the Ministry of Finance, and in copy to the CSSF, without delay?

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Only the measures taken by professionals that are **formal restrictive measures in financial matters** in the meaning of Article 2 (4) of the Law 2020 need to be reported without delay:

"Restrictive measures in financial matters" means

1° The prohibition or restriction of financial activities of any kind;

2° The prohibition or restriction on the provision of financial services, technical assistance, training or advice in relation to a State, natural or legal person, entity or group referred to in this law; or

3° The freezing of funds, assets or other economic resources owned or controlled, directly, indirectly or jointly, with or by a person, entity or group referred to in this law or by a person acting on their behalf or at their direction.

"Freezing of funds" means, for the purposes of this law, any action to prevent any move, transfer, alteration, use of, access to, or dealing with funds in any way that would result in any change in their volume, amount, location, ownership, possession, character, destination or other change that would enable the use of the funds, including portfolio management. Law of 19 December 2020 on the implementation of restrictive measures in financial matters 3/8 "Freezing of economic resources" means, under this law, any action intended to prevent the use of economic resources to obtain funds, goods or services of any kind, including the selling, hiring or mortgaging of such funds, goods or services."

The **information regarding the financial restrictive measures to be communicated must be complete and precise**. Please see also Question 5 hereafter.

This **does not include** information on internal control or other measures (e.g. tool/system used, internal reporting) put in place by the professionals for complying with this framework.

Question 4: Where shall the professional send the report regarding the financial restrictive measures?

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The professional required to implement the financial restrictive measures shall inform the **Ministry of Finance** of the enforcement of each restrictive measure taken in respect of a State, natural or legal person, entity or group involved in a transaction or business relationship and designated in accordance with the Law 2020 and the implementing regulations, including attempted transactions.

The professional shall send this notification via email to sanctions@fi.etat.lu or via post to:

Ministère des Finances,
3 Rue de la Congrégation,
L-1352 Luxembourg

A **copy of this communication** needs to be sent to the CSSF at the same time. For this communication, information shall be sent, in a secure manner, to the following email address of the CSSF: adm_jurcc@cssf.lu, by clearly indicating in the title "Financial sanctions".

Question 5: Does a form exist for notifying the freezing of funds to the Ministry of Finance?

Modified on 21 March 2022

Yes, the Ministry of Finance provides for a form that can be used for notifying the freezing of funds. It can be found on the website of the Ministry of Finance in the section "Formulaires" "Rapport trimestriel de fonds gelés" under the following link: [Sanctions financières internationales - Ministère des Finances // Le gouvernement luxembourgeois](#) or under the section "Forms" on the website of the CSSF under the following link: [Form drawn up by the Ministry of Finance for the notification of frozen funds \(only in French\)](#).

Other relevant forms can be found on the same websites.

Question 6: What are the roles of the CSSF and the Ministry of Finance regarding international financial sanctions?

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The CSSF is responsible for the supervision of the professionals falling under its scope for the purposes of the implementation of the Law 2020. To this end, the CSSF shall ensure effective monitoring of the implementation of financial restrictive measures and shall take the necessary measures to that end.

The Ministry of Finance is competent for dealing with matters directly relating to the enforcement of financial restrictive measures on the part of the natural and legal persons, entities and groups concerned, as well as on the part of the natural and legal persons obliged to apply them. The Ministry of Finance is also competent to exceptionally issue authorisations derogating from the prohibitions and restrictive measures imposed if the resolutions and acts referred to in Article 1 of the Law 2020 allow such derogations and under the conditions provided for therein.

Question 7: What are the powers of the CSSF in the context of its supervision relating to international financial sanctions?

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When supervising professionals under its remit for compliance with international financial sanctions, the CSSF has the same powers, notably of investigation, enforcement and sanction, as those provided to it by the Law of 12 November 2004 regarding the fight against money laundering and terrorist financing.

Based on these large measures and powers, and in addition to receive copy of the notifications sent to the Ministry of Finance, CSSF has for example the right to:

- have access to any document in any form whatsoever, and to receive or take a copy of it;
- request information from any person and, where applicable, summon any person subject to its supervisory power and hear that person to obtain information;
- carry out on-site inspections or investigations, including seize any document, electronic file or other things that seem useful to ascertaining the truth, with the professional under the remit of its supervision; etc.

Also, when identifying a legal breach, the CSSF has the power to issue a warning; a reprimand; a public statement; an administrative fine, etc.

Question 8: Does a consolidated list comprising all the persons and entities subject to international financial (freezing) sanctions exist?

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The CSSF publishes all the relevant documentation on its website, under the sections "Financial Crime", "International Financial Sanctions": [International financial sanctions – CSSF](#) and "War in Ukraine": [War in Ukraine – CSSF](#).

Please see also answer to Question 8 of the FAQ on AML/CFT under the following link: [FAQ_AMLCTF.pdf \(cssf.lu\)](#)

Question 9: What does the professional have to do in case of identifying a suspicion of money laundering or terrorism financing or an associated predicate offence or circumvention of financial sanctions (including attempted circumvention), in addition to its client being subject to international financial sanctions?

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If in relation with the relationship, to which the professional has to apply financial restrictive measures, the professional also identifies a suspicion of money laundering or terrorism financing or an associated predicate offence or a circumvention of financial sanctions (included attempted circumvention), the professional shall inform without delay the Luxembourg FIU via the plateforme goAML (<https://justice.public.lu/fr/organisation-justice/crf/goaml.html>), in line with the requirements for suspicions' reporting provided for in Article 5 (1) a) of the Law of 12 November 2004 on the fight against money laundering and terrorist financing.

For additional guidance regarding the filing of reports, the professional is invited to visit the guidelines on suspicious activity and/or transaction reports on the CRF's website: [CRF - Cellule de renseignement financier - Luxembourg](#)

Question 10: What should a financial sector professional do if a natural/legal person belonging to its business relationships is listed on the OFAC's (Office of Foreign Assets Control) sanctions lists?

Modified on 4 March 2021

Please see answer to Question 9 of the FAQ on AML/CFT under the following link:
[FAQ_AMLCTF.pdf \(cssf.lu\)](#)

Question 11: What does "international financial sanctions", in particular within the context of the fight against terrorist financing, mean?

Modified on 4 March 2021

Please see answer to Question 5 of the FAQ on AML/CFT under the following link:
[FAQ_AMLCTF.pdf \(cssf.lu\)](#)

Question 12: Reporting deposits exceeding EUR 100,000 under article 5g of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilizing the situation in Ukraine, as amended and article 1z of Council Regulation (EU) No 765/2006 of 18 May 2006 concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine, as amended. To whom shall credit institutions communicate this information?

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Credit institutions are required to copy the CSSF on any communication sent to the Ministry of Finance regarding yearly reporting of deposits of natural and/or legal persons subject to financial restrictive measures and exceeding EUR 100,000 in accordance with article 5g of Regulation (EU) No 833/2014 and article 1z of Regulation (EU) No 765/2006. This requirement is based on clear regulatory and legal provisions that support adequate enforcement and supervision of financial restrictive measures. Under Article 33 (2) of CSSF Regulation 12-02 and Article 1 of the Grand-ducal Regulation 2022, professionals must apply financial restrictive measures without delay and inform the competent authorities. CSSF Regulation 12-02 also provides that a copy of such notification shall be sent to the CSSF at the same time. This ensures that the CSSF receives timely and accurate information on the financial restrictive measures taken by professionals in response to their obligations.

Furthermore, Law 2020 assigns the CSSF, under Article 6 (2), the responsibility for monitoring the implementation of financial restrictive measures within the financial sector. To carry out this function effectively, the CSSF must have access to key information held by the professional it supervises, including the annual report of deposits related to financial restrictive measures.

Question 13: Where several professionals of the financial sector (e.g. registrar agent, depositary bank, intermediary involved with an investment fund, etc.) are contractually linked and involved in an activity, who is responsible for reporting financial restrictive measures' cases to the Ministry of Finance and the CSSF?

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Where several professionals of the financial sector are involved in the same chain of operations/activities and are linked by contractual arrangements – such as for example the transfer and register agent, depositary bank, and intermediary involved with an investment fund – each professional remains individually responsible for complying with the reporting obligations set out under Article 33 (2) of CSSF Regulation 12-02 and Article 1er of the Grand-ducal Regulation 2022, regarding the implementation of financial restrictive measures.

This means that if a situation arises involving the identification or management of frozen assets or other financial restrictive measures, each stakeholder must independently report the relevant information without delay to the Ministry of Finance and send a copy of the communication simultaneously to the CSSF. The obligation to report applies even if another party in the contractual chain has already informed the competent authorities.

The rationale behind this approach is to ensure that these authorities receive complete and consistent information from all regulated parties involved. No professional can assume that another entity has fulfilled the reporting obligations on its behalf, even where the roles are closely interconnected. This is particularly important to allow the CSSF to assess the implementation of financial restrictive measures across the financial sector and to detect potential gaps or inconsistencies in reporting.

The professionals in question are therefore also expected to put in place internal policies and procedures as duly mentioned in Article 38 (17) of CSSF Regulation 12-02 to identify situations subject to the application of financial restrictive measures.

Question 14: Can financial restrictive measures apply to an entity if a sanctioned person holds less than 50% of its shares?

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Yes. Financial restrictive measures under applicable EU sanctions regulations (i.e. Council Regulations (EU) No 269/2014, 833/2014 and 765/2006) can apply to an entity even if a sanctioned person holds less than 50% of its shares, provided there is sufficient evidence that the sanctioned person exercise control over the entity or its beneficial owner.

While the Commission, in its consolidated FAQ on the implementation of Council Regulation (EU) N° 833/2014 N° 269/2014¹, typically refers to a 50% threshold as a clear benchmark for control, this is not an absolute rule. Indeed, the Commission has also clarified in the same FAQ that financial restrictive measures may apply where there is either majority ownership or the facto control by a listed person. This interpretation is aimed at preventing the circumvention of financial sanctions through layered or indirect ownership structures.

In addition, the General Court of the European Union has recognized, in a judgement dated January 29, 2025, that control can exist below that threshold if there are indicators showing that the sanctioned individual effectively directs or influences the entity's activities (T-1106/23)². Such indicators may include veto rights, decision-making powers, the ability to appoint management or a combination of contractual arrangements and relationships that demonstrate effective control.

In practice, this means that professionals of the financial sector must go beyond a simple shareholding analysis and assess whether a sanctioned person has the ability to influence or direct the entity, even with a minority stake. Where such influence or control is established, the entity should be treated as subject to financial restrictive measures, and the obligations related thereto – such as assets freezes, prohibition of transactions, and reporting to the competent authorities – apply.

Question 15: Do financial restrictive measures apply to an entity if it is indirectly owned by a sanctioned person?

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Yes. If a sanctioned individual or entity holds, directly or indirectly, more than 50% of the ownership or control in another entity, the latter is considered as being subject to financial restrictive measures – even if the holding is indirect (see also question 14). In such cases, the entity itself is treated as a frozen asset, and the financial restrictive measures set out under the applicable EU financial sanctions acts fully apply to it.

¹ [Consolidated version - European Commission](#)

² [CURIA - Documents](#)

The objective is to prevent sanctioned persons from circumventing the financial restrictive measures through the use of intermediaries, complex ownership structures or holding companies. It means that any dealing with such an indirectly owned/controlled entity is prohibited, unless specifically authorized, and its assets must be frozen accordingly.

Thus, professionals of the financial sector must perform thorough due diligence on ownership and control structures to identify any such indirect links to sanctioned individuals or entities. Where such links are identified, the same obligations regarding freezing of funds (as defined in Article 2 of the Law 2020), reporting and communication to the competent authorities- including the CSSF- apply.

Question 16: What should a professional do in case of a homonym?

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A proven homonym refers to an individual or entity sharing the same or similar name as a person or entity listed/designated under UN and/or EU and/or national (if any) financial sanctions lists, but who is not the intended target. This can result in unintended consequences such as a mistaken identity, leading to the wrongful freezing of assets or blocking of transactions.

As described in the guidelines¹ published by the Ministry of Finance relating to the implementation of financial restrictive measures, it is not necessarily sufficient that the name and surname of the person concerned are identical to those of the listed person to conclude that it is the same person. Professionals should conduct thorough due diligence to confirm the identity of the natural person or entity and keep a written record of the result of their enquiries. This includes for example obtaining and checking unique identifiers like place/date of birth, address, nationality and other distinguishing characteristics.

¹<https://mfin.gouvernement.lu/dam-assets/dossiers/sanctions-financi%C3%A8res-internationales/documentation/guides-2024/3-guide-de-bonne-conduite-sanctions-financieres-non-tf-en.pdf>
<https://mfin.gouvernement.lu/dam-assets/dossiers/sanctions-financi%C3%A8res-internationales/documentation/guides-2024/1-guide-de-bonne-conduite-sanctions-financieres-tf-en.pdf>
<https://mfin.gouvernement.lu/dam-assets/dossiers/sanctions-financi%C3%A8res-internationales/documentation/guides-2024/4-guide-de-bonne-conduite-sanctions-financieres-non-tf-fr.pdf>

Any questions regarding homonyms and unintended consequences of the financial sanctions' regime on assets/transactions should be send to:

- By post mail to : Ministère des Finances, 3, rue de la Congrégation, L-1352 Luxembourg; or
- By email to sanctions@fi.etat.lu

In case of any doubt, professionals have to contact the Ministry of Finance and suspend any transactions on the account until the situation is sufficiently clarified.

Question 17: What does the term “without delay” mean in the context of freezing assets or regarding other restrictive measures in financial matters to be duly applied by the professional of the financial sector?

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The term “without delay” refers to the obligation of the professional of the financial sector to identify without delay the States, persons, entities or groups involved in a transaction or business relationship subject to restrictive measures in financial matters and to apply without delay the required restrictive measures such as acting immediately as soon as assets or economic resources have been identified that must be frozen under applicable EU restrictive measures regulations.

In its guidelines relating to the implementation of financial sanctions against certain persons, entities, bodies and groups within the framework of combating terrorism financing (please refer also to question 16), the Ministry of Finance has clarified the meaning of this term (see also the FATF Recommendations, General Glossary). Specifically, it indicates that: the phrase “without delay” is defined as ideally, within a matter of hours of a designation by the United Nations Security Council or its relevant Sanctions Committee (e.g. the 1267 Committee, the 1988 Committee, the 1718 Sanctions Committee or the 1737 Sanctions Committee).

<https://mfin.gouvernement.lu/dam-assets/dossiers/sanctions-financi%C3%A8res-internationales/documentation/guides-2024/2-guide-de-bonne-conduite-sanctions-financieres-tf-fr.pdf>

For the purposes of resolution 1373 (2001), the term “without delay” means upon having reasonable grounds, or a reasonable basis, to suspect or believe that a person or entity is a terrorist, one who finances terrorism or a terrorist organization. In both cases, the term “without delay” should be interpreted in the context of the need to prevent the flight or dissipation of funds or other assets which are linked to terrorist, terrorist organisations and those who finance terrorism, and to the financing of proliferation of weapons of mass destruction and the need for global, concerted action to interdict and disrupt their flow swiftly.

This means that once a professional becomes aware, through client screening, transaction monitoring, or other control mechanism, of a situation potentially triggering the application of financial restrictive measures, the freezing of assets (or one of the required financial restrictive measures concerned) must be executed without delay.

Moreover, the communication to the Ministry of Finance and simultaneously to the CSSF, as required under article 33 (2) of the CSSF Regulation 12-02, shall also be carried out without delay.

Professionals must therefore ensure that their internal procedures, escalation channels, and operational systems are designed to detect and respond to this obligation as duly mentioned under Article 33 (3) of the CSSF Regulation 12-02.



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