

Regulatory News Alert

AML/CFT: CSSF to further enhance its supervision within the Collective Investment Sector

24 January 2020

Context and objectives

On 17 January 2020, the Commission de Surveillance du Secteur Financier (CSSF) published **Luxembourg's first money laundering (ML) / financing of terrorism (FT) risk analysis on the Collective Investment Sector**.

The analysis is intended to link the National Risk Assessment of money laundering and terrorist financing (NRA), published in December 2018 that assesses Investment Fund Managers situated in Luxembourg to the specific assessment of the Collective Investment Sector being a sub-sector of the Luxembourgish financial industry.

It develops a **more granular and systematic perspective on the risks faced by the Collective Investment Sector**, providing for a non-exhaustive list of predicate offences perpetrated within collective investment to help the participants of the Collective Investment Sector to better identify the risks and promote a stricter compliance risk culture.

Moreover, this assessment, targeting all Luxembourg **regulated** undertakings for **collective** investments with a focus on **Investment Fund Managers** (IFM) and other market participants such as service providers, **significantly examines** ML/FT inherent risks. It also considers risk-mitigating factors applied by IFM and competent authorities, in view of their specific AML/CFT roles and responsibilities in the sector including the Financial Intelligence Unit as well as their impact on inherent risk and the resulting residual risk levels.

The CSSF expects supervised entities involved in the Collective Investment Sector to **reflect the findings** and conclusions from this sub-sector risk assessment into their own risk assessment to ensure their framework remains appropriate to effectively mitigate ML/FT risks.



How can Deloitte help?

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- AML/CTF training
- AML/CTF policy, procedure, and process design or review
- Assistance in the Money Laundering/Terrorist Financing risk assessment drafting
- DKYC: externalizing KYC processes

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