

Financial crime enforcement: Key issues to watch in Luxembourg

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Over the past year, Luxembourg has taken significant steps to reinforce its financial crime enforcement framework. Legislative reform has materially expanded the scope of money laundering offences, supervisory activity has intensified with higher sanctions for compliance failures and recent case law has clarified how administrative and criminal measures may interact. Together, these developments reflect a more assertive and sophisticated enforcement environment, with heightened expectations for financial institutions and other anti-money laundering (AML) professionals.

Key takeaways

- 1 Expanded scope of money laundering offences:** Luxembourg has adopted an 'all-crimes' approach, allowing any crime or misdemeanour – whether committed domestically or abroad – to serve as a predicate offence, significantly broadening AML reporting and enforcement exposure.
- 2 More robust enforcement with higher penalties:** Regulatory and prosecutorial authorities have intensified enforcement activity, with the Commission de Surveillance du Secteur Financier (CSSF) imposing fewer but materially higher fines, particularly for AML / counter terrorist financing (CTF) control deficiencies, signalling a focus on substantive compliance failures.
- 3 Pragmatic resolution of complex cases:** Authorities are making use of plea agreements (*jugement sur accord*) in complex and cross-border cases, to bring lengthy proceedings to a conclusion while ensuring accountability through admissions of guilt and financial penalties.

What are the most significant developments in financial crime enforcement in the past year in Luxembourg?

Over the past year, Luxembourg has strengthened its anti-money laundering framework. Of most significance, the [law of 12 December 2025](#) amended the [Criminal Code](#) so that any crime or misdemeanour, whether committed in Luxembourg or outside of the country, may now qualify as a predicate offence to the offence of money laundering, replacing the previous closed list of specific offences. As a result, professionals subject to AML obligations (such as banks and financial institutions) must now report suspicions to the Financial Intelligence Unit (FIU) for all types of offences, rather than only financial or economic crimes.

The simplified investigation procedure, which allows the state prosecutor to request certain investigative measures without a preliminary investigation, has also been expanded to include offences such as corruption and forgery of balance sheets. This change followed the [Financial Action Task Force's evaluation of Luxembourg](#), which recommended Luxembourg increase parallel money laundering investigations in high-risk cases. The reform aims to facilitate the simultaneous investigation of money laundering and related offences, reducing the risk of concealing illicit proceeds and granting prosecutors easier access to financial data.

Recent case law in Luxembourg has separately clarified the application of the double jeopardy principle in financial crime enforcement. In a [decision dated 26 February 2025](#), the Court of Appeal found criminal proceedings were inadmissible where the CSSF had already imposed an administrative fine of €170,000 on a company for failings relating to its AML controls. The court held that the CSSF sanction was punitive and qualified as a criminal sanction in substance, noting the general and punitive nature of the relevant AML provisions and the absence of coordination between the CSSF and the public prosecutor.

While the principle may protect companies from subsequent criminal prosecution for the same conduct in certain circumstances, it does not necessarily preclude the cumulative use of administrative and criminal measures. In a [decision dated 22 May 2025](#), the District Court allowed a criminal confiscation to proceed despite a prior CSSF fine imposed in the same factual context, relying on the principle of proportionality as developed in the case law of the Court of Justice of the European Union. The court took the CSSF fine into account when assessing the appropriateness of a €25 million criminal confiscation and found it to be adequate and proportionate in the circumstances. Together, these decisions reflect the nuanced and evolving approach of Luxembourg courts to how administrative sanctions and criminal measures interact in financial crime matters, which is likely to continue to evolve in 2026 and beyond.

What are the most significant recent developments in financial crime enforcement?

There have been notable institutional developments in Luxembourg's enforcement landscape. In January 2025, John Petry was [appointed](#) general state prosecutor, marking a significant leadership change amid increasing cross-border enforcement and complex financial crime cases. Petry began his career at the Luxembourg district prosecutor's office, gaining

experience in its economic and financial section, and since 2017 has served as deputy attorney general at the public prosecutor's office.

In a [press interview](#), Petry identified three main priorities at the national level: enhancing investigative capabilities and effectiveness against economic crimes; accelerating digital transformation across judicial operations; and addressing the shortage of judges in Luxembourg.

A [reform](#) of the CSSF's governance is also anticipated, with the aim of ensuring greater independence for entities supervising the financial sector, in line with wider developments in Europe.

In January 2026, the Luxembourg government [proposed Pascale Toussing as CSSF director](#), further strengthening the authority's senior leadership amid ongoing governance reform. According to the CSSF press release, Toussing brings experience from both the public and financial sectors. She has served as an adviser to the Luxembourg Ministry of Finance since 2024, having previously headed the Luxembourg tax authority.

In contrast, the Luxembourg Financial Intelligence Unit, the Cellule de Renseignement Financier (CRF) has maintained stable leadership, despite increasing reporting volumes and evolving financial crime typologies.

Are there notable examples from the last year of cross-border collaboration in financial crime investigations?

Cross-border cooperation remains central to Luxembourg's efforts to address large-scale financial crime, as illustrated by the [Kaupthing Bank Luxembourg S.A. case](#). Concluding in October 2025 after more than fourteen years of proceedings, the case has been cited by the Luxembourg courts as an [example](#) of "exemplary cooperation" between Luxembourg and Iceland, involving numerous international letters rogatory and extensive financial analysis.

Triggered by CSSF denunciations in April 2010, the investigation focused on a series of financial transactions carried out just before Kaupthing Bank's collapse in October 2008. These transactions, involving Kaupthing Bank's Luxembourg subsidiary, its Icelandic parent, and the offshore entity, Lindsor Holding Corporation, enabled certain former managers to dispose of illiquid or severely depreciated securities through internal mechanisms financed by the parent company. The investigation coordinated between Luxembourg and Iceland revealed these actions were later justified with backdated documentation, resulting in charges of forgery, misuse of company assets and money laundering.

Another recent example is a [€300 million credit card fraud scheme](#), one of the largest ever uncovered in Europe. In 2021, the Luxembourg Public Prosecutor's Office launched a money laundering investigation that uncovered a series of transactions made to German payment service providers. Luxembourg authorities subsequently transferred the case and the full criminal file to the General Public Prosecutor's Office of Koblenz in Germany. Luxembourg's findings proved crucial to the merged [cross-border case led by Eurojust](#), which has led to the arrest of 18 suspects, including five executive officials from four German payment service providers, providing financial evidence that enabled German prosecutors to map the network's structure and cash flows.

What emerging challenges are being faced in cross-border financial crime investigations in Luxembourg?

As an international financial centre with a highly digitalised financial sector, Luxembourg faces increasingly complex financial crime risks. The scale of cross-border financial flows, the international nature of its clientele and the prevalence of high-risk products and services all contribute to the challenges of tackling financial crime.

Authorities have reported a rise in cyber-enabled fraud, including manipulation techniques, phishing and the misuse of confidential data, often involving cross-border criminality and international fund movements. The growing use of crypto-assets adds further evidentiary and jurisdictional challenges for enforcement bodies, as highlighted in the Luxembourg Ministry of Justice's [2025 National Risk Assessment of Money Laundering report](#).

The banking and investment sectors remain particularly vulnerable to money laundering, especially through offshore structures and wealth management services, attracting scrutiny from both domestic and international regulators. This is highlighted in the 2025 National Risk Assessment and the [Secretariat's Global Financial and Economic Crime Outlook 2025](#). Although the authorities are committed to investigating and prosecuting money laundering offences, the [executive summary of Luxembourg's FATF mutual evaluation report](#) notes staffing levels within investigative and judicial bodies may limit the overall effectiveness of these efforts.

Are there specific sectors that have been more proactive in the last year in reporting financial crimes to enforcement bodies?

Suspicious activity reporting related to money laundering, terrorist financing and predicate offences continues to rise across the Luxembourg financial landscape, with an overall 15% increase between 2023 and 2024 according to the [latest CRF annual report](#) published last year – the second highest level since 2020.

The [CRF](#) notes that most sectors, including banking and investment, have shown a moderate increase in reporting. However, the insurance sector stands out for its particularly pronounced growth in suspicious activity and transaction reports. This surge is largely attributed to sector-wide remediation exercises and a heightened focus on criminal tax offences, which now account for the majority of reports from insurance entities.

Online service providers – including payment institutions, electronic money institutions and banks operating online – remain the most prolific reporters, reflecting both the scale of their operations and the cross-border nature of their client base. Other sectors, such as designated non-financial businesses and professions (DNFBPs), have also demonstrated steady increases in reporting, particularly among chartered accountants and notaries. This reflects broader efforts across the financial and professional services landscape to strengthen compliance frameworks and respond to evolving regulatory expectations.

What recent trends have you observed in the size and frequency of financial penalties imposed on companies and financial institutions for financial crimes in Luxembourg?

Luxembourg's plea agreement mechanism (*jugement sur accord*) requires the defendant to acknowledge guilt and is available only for misdemeanours and certain crimes punishable by up to five years' imprisonment, provided extenuating circumstances apply. The process involves the parties agreeing on the terms of the plea (the facts admitted, their criminal qualifications, etc.) and presenting them in a public hearing to a competent court, which then renders a judgment on the matter. The plea agreement mechanism can be useful to expedite case resolution.

A notable example is the Kaupthing Bank case, in which several defendants entered into plea agreements that included confiscation measures and/or fines of €75,000 per defendant. The proceedings were initiated after a denunciation by the CSSF in April 2010. The length of the case appears to be attributable to its complexity, notably its cross-border elements, extensive procedural requirements, and the need to issue multiple letters rogatory.



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