

Strengthening of international sanctions enforcement in Luxembourg

The implementation of EU restrictive measures in financial matters (**sanctions**) requires mechanisms that bring together the competent national authorities to ensure their rigorous and consistent application. These mechanisms are contained in the Law of 19 December 2020 on the implementation of restrictive measures in financial matters ("**Sanctions Law**"), which was amended by a law of 20 July 2022 setting up a monitoring committee for restrictive measures in financial matters and amending Article 506-1, first indent, of the Criminal Code. This law entered into force on 24 July 2022.

National monitoring committee for sanctions This newly created committee is responsible for monitoring the implementation of sanctions and contributing to the development of the related national policies. It is composed of a representative of the Ministry of Finance, the Ministry of Foreign and European Affairs, the Ministry of Justice, the CSSF, the *Commissariat aux assurances* (CAA), the *Administration de l'enregistrement, des domaines et de la TVA* (AED) and the Financial Intelligence Unit (**FIU**). The committee meets as often as its tasks require and at least twice a year.

New associated predicate offence to money laundering Article 506-1, first indent, of the Criminal Code relating to the offence of money laundering was amended. The infringement of Article 10 of the Sanctions Law and the enforcement measures and decisions referred to therein has been added to the list of associated predicate offences to money laundering. It is the legislator's intent that the breach of any international, European or national sanctions applicable in Luxembourg may from now on constitute an associated predicate offence to money laundering. As a reminder, the offence of money laundering is punishable by imprisonment for a term of one to five years and a fine of between EUR 1,250 and EUR 1,250,000, or by one of these penalties only.

As a result, the FIU is now competent to receive suspicious transaction and activity reports of suspected violations of the Sanctions Law. This enlarges its powers and aims to strengthen the legislative and regulatory framework for the implementation of sanctions, including the freezing of assets. Entities are therefore required immediately to inform the FIU, on their own initiative, when they know, suspect or have reasonable grounds to suspect that a breach of sanctions and related enforcement measures and decisions is ongoing, has occurred or has been attempted.

Regulatory specifications regarding sanctions enforcement The Grand-ducal Regulation of

14 November 2022 clarifying the Sanctions Law makes clear that both the enforcement of sanctions and informing the Ministry of Finance thereof must be done without delay. It also clarifies that the enforcement of sanctions does not require any prior notification.

For more information regarding the Sanctions Law, please read [here](#). For further information and guidance on international and EU sanctions, including a list of all applicable EU regulations and affiliated texts and their interpretation, reference can be made to the dedicated webpages of the [Luxembourg Ministry of Finance](#) (which includes useful best practice guides and forms), the [CSSF](#) and the [European Commission](#) (which includes a comprehensive Q&A).

For an insight on the latest sanctions developments at EU level, please read [here](#).

For any further information please contact us or visit our website at www.elvingerhoss.lu.

The information contained herein is not intended to be a comprehensive study or to provide legal advice and should not be treated as a substitute for specific legal advice concerning particular situations.

We undertake no responsibility to notify any change in law or practice after the date of this newsletter.