CONFERENCE REPORT · LA COQUE, LUXEMBOURG · 18 MAY 2026

Based on Note de recherche scientifique n° 072 of the Chamber of Deputies' Cellule scientifique, "Les obligations et la responsabilité internationales du Luxembourg au regard des pratiques d'Israël dans le Territoire palestinien occupé" (23 March 2026).

State responsibility and financial regulation in times of genocide

A call for action

Are Luxembourg's economic relations with Israel contravening our international legal obligations?



Amnesty International Luxembourg

Comité pour une Paix Juste au Proche-Orient

Les Cahiers du CPJPO - n° 5/2026

State responsibility and financial regulation in times of genocide: A call for action

Are Luxembourg's economic relations with Israel contravening our international legal obligations?

Report of the conference held at La Coque, Luxembourg, on 18 May 2026. Published October 2026 by Amnesty International Luxembourg · Comité pour une Paix Juste au Proche-Orient.

Cover image: Kirchberg, Luxembourg, mirrored against Gaza. Artwork produced for the conference by the organisers.

The conference was grounded in the Chamber of Deputies' Note de recherche scientifique n° 072 (23 March 2026) and the Law for Palestine legal opinion on Luxembourg's hosting of Israeli bonds. All quotations in this report are reproduced verbatim from the speakers' contributions on 18 May 2026 or from the documents cited.

Les Cahiers du CPJPO 5/2026

Éditeur responsable : CPJPO – Comité Pour une Paix Juste au Proche-Orient asbl

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ISBN 978-2-919812-08-0

The digital version of this report is available at www.paixjuste.lu

Contents

Executive Summary 7

Introduction — the conference and its legal foundation 10

1. What has happened? Israel's serious violations of international law are established 11

1.1 Documenting atrocity crimes 11

1.2 The ICJ, jus cogens and erga omnes obligations 11

2. What are Luxembourg's legal responsibilities? Third-State duties and our leverage as a financial centre 13

2.1 Three duties binding on Luxembourg as a third State 13

2.2 The duty to prevent genocide is measured by capacity and leverage 13

2.3 Luxembourg's leverage as a leading financial centre 14

2.4 From an economy of occupation to an economy of genocide 14

2.5 Israel's war budget and its turn to the debt markets 14

3. Has Luxembourg fulfilled its obligations under international law? The CSSF's approval of the 2025 Israel Bond prospectus 16

3.1 Luxembourg's role: what the CSSF approved, and the discretion it held 16

3.2 Aiding and assisting: the international-law analysis 16

3.3 Why the absence of direct causality is not a defence 17

3.4 Addressing denials of responsibility for applying international law 17

4. Has Luxembourg fulfilled its obligations under the financial regulatory regime? The CSSF, Israel Bonds and the absence of due diligence 20

4.1 The CSSF's failure to protect investors under the EU Prospectus Regulation's disclosure rules 20

4.2 The war economy and the real risk of default 20

4.3 The prospectus failed the three criteria: complete, consistent and comprehensible 21

4.4 Refusing the fragmentation strategy: Israel's economy and the settlement economy are one 24

4.5 The call for suspension and non-renewal 24

5. What can Luxembourg still do? Other avenues for unilateral action 26

5.1 Note de recherche scientifique n° 072 and the domestic legal means 26

5.2 Member States already acting 26

5.3 Trade and financial relations with illegal settlements 27

5.4 Sustainable finance, due diligence and the Fonds de Compensation 27

5.5 Luxembourg's opportunity to lead 27

6. Recommendations: unilateral actions Luxembourg can take 29

Postscript: developments since the conference (to 10 October 2026) 30

References 33

Speakers



Francesca Albanese

UN Special Rapporteur; author, From Economy of Occupation to Economy of Genocide (HRC, July 2025), Gaza Genocide: A Collective Crime (A/80/492, Oct 2025).

> **AT THE CONFERENCE:** Named the 'enablers' the financial consulting, legal and media firms, Big Tech, insurers, pension funds, asset managers, underwriting banks and financial authorities that sustained the transition from economy of occupation to economy of genocide: Israel's stock market value rose over 200% in the first 18 months even as its broader economy declined; military spending doubled from 4% to 8% of GDP (2022–2024), driving the deficit financed by record bond sales (US$8bn in March 2024, US$5bn in February 2025, syndicated by BNP Paribas and Barclays). States are failing to use their regulatory leverage.
>
> **QUOTED IN THIS REPORT:** §2.4 (p. 14), §3.2 (p. 16)



Franz Fayot

LSAP MP; former Minister of the Economy & Development Cooperation. Commissioned the research behind Note de recherche scientifique n° 072 (Chambre des Députés, 23 March 2026; legal opinions by Luxembourg & Utrecht university teams) on Luxembourg's third-State obligations and means of action.

> **AT THE CONFERENCE:** BCEE closure of two ICC accounts (breach of duty to cooperate); CSSF operationally independent but still part of the State. It bears political responsibility for treaty obligations.
>
> **QUOTED IN THIS REPORT:** §2 (p. 13), §2.1 (p. 13), §3.4 (p. 17), §4.5 (p. 24), §5.2 (p. 26)



Dr. Shahd Hammouri

Lecturer in international law, Kent; senior legal consultant, Law for Palestine; author, Legal Opinion on Luxembourg's Hosting of Israeli Bonds; forthcoming Corporate War Profiteering and International Law (CUP).

> **AT THE CONFERENCE:** three third-State duties (non-recognition; no aid/assist; cooperation); and the jus cogens/erga omnes character of apartheid, aggression and denial of self-determination. On the bonds: the operative legal standard is due diligence in relation to foreseeability, not direct causality — the fungibility of bond proceeds creates a foreseeable, unmitigable risk, making the CSSF's approval a material act of aiding and abetting for which the approvers bear personal criminal responsibility (Note n° 072, p. 19); the duty to prevent genocide is measured by capacity, and Luxembourg's entanglement in global finance is its greatest leverage. In the round table she addressed UN database due diligence and practical next steps.
>
> **QUOTED IN THIS REPORT:** §1.2 (p. 11), §2.2 (p. 13), §3.2 (p. 16), §3.3 (p. 17), §4.5 (p. 24)



Budour Hassan

Legal researcher, Amnesty International (online, Ramallah); researcher on "You Feel Like You Are Subhuman" (2024) where three of five Genocide Convention acts confirmed.

> **AT THE CONFERENCE:** Presented Amnesty's atrocity-documentation methodology: survivor testimony, open-source evidence, weapons analysis and their corporate due diligence focus work. Her central point: rigorous documentation preserves victims' voices, prevents denial, and removes the "we did not know" defence available to corporations and States. States that only challenge settlement trade deny the reality of the state of Israel's economy of war and occupation and the demands of the ICJ.
>
> **QUOTED IN THIS REPORT:** §4.4 (p. 24)



Dr. Shir Hever

Political economist; Managing Director, Alliance for Justice between Israelis and Palestinians; author, The Privatisation of Israeli Security (2017), The Political Economy of Israel's Occupation (2010).

> **AT THE CONFERENCE:** Expert testimony on investor risk where Israel bonds are war bonds for the most militarised economy in the world where the risk of default is real. Criticised Irish Central Bank's "willful ignorance". These regulators bear personal responsibility.
>
> **QUOTED IN THIS REPORT:** §3.4 (p. 17), §4.2 (p. 20), §5.2 (p. 26)



Senator Alice-Mary Higgins

Independent Senator, Oireachtas; member of the Joint Committee on Finance, whose report On the Israeli Bond Programme (August 2025) scrutinised called for a compliance and legal review; co-sponsor of the Occupied Territories Bill and initiator of the Arms Embargo Bill.

> **AT THE CONFERENCE:** CSSF had "sole and absolute" discretion to refuse the transfer from Ireland and to seek further information; Israel Bonds marketing openly tied proceeds to the war. the ICJ opinions created a positive duty to prevent trade/investment sustaining the illegal situation, cited lessons from Spain's arms embargo and dual-use restrictions.
>
> **QUOTED IN THIS REPORT:** §3.2 (p. 16), §4.3 (p. 21), §4.5 (p. 24)



Dr. Alexandros Politis

University of Luxembourg, Centre of European Law); co-author, legal opinion behind Note n° 072.

> **AT THE CONFERENCE:** High thresholds for aid/assist & prevention but traceability arguments surmountable, Unilateral targeted legal measures in Luxembourg may help bypass resistance in the European Union for EU legislation and action.
>
> **QUOTED IN THIS REPORT:** §5.1 (p. 26), §5.3 (p. 27), §5.5 (p. 27)



Jean-Louis Zeien

Chair, Initiative "Devoir de Vigilance".

> **AT THE CONFERENCE:** Due-diligence obligations; need to comply with UN Human Rights Office business database 'blacklist'; OECD voluntary mediation processes not sufficient, the need to translate legal opinions into political action re binding legislation that includes the financial sector and that would challenge Fonds de Compensation's settlement-linked investments.
>
> **QUOTED IN THIS REPORT:** §5.4 (p. 27)



Aftermath, Rafah, Gaza Strip, 21 January 2025. Doaa Albaz/ActiveStills Photo Collective. Used under licence.

“Inaction by Luxembourg is not an option. We cannot just stand by and look on. We must not recognize what Israel is doing in the occupied territories, make a clear distinction between Israel and the settlements in our dealings, and take action through the financial sector—that’s the big leverage we have.”

FRANZ FAYOT

Executive Summary



The conference at La Coque, 18 May 2026: over 180 participants, including members of parliament, civil society, academics and legal and economic experts.

Luxembourg's position as a major financial centre gives it both influence and responsibility. Its decisions on financial supervision, market access and public investment have consequences beyond its borders.

This conference report examines whether Luxembourg has used that influence consistently with its international obligations towards the Palestinian people, and identifies concrete measures to close the gap between its commitments and its financial practices.

The conference held at La Coque on 18 May 2026 brought together parliamentarians, international lawyers, economists and human rights advocates to address these questions. Grounded in the Chamber of Deputies' Note de recherche scientifique n° 072 and related legal analyses, the discussions focused on Luxembourg's trade with Israel and its duty as a third state to not enable violations of international law with focus on: the approval of the Israel Bonds prospectus; the responsibilities of the Commission de Surveillance du Secteur Financier (CSSF), and the scope for national action.

What has happened?

Israel's serious violations of international law are established. The legal and human consequences of Israel's conduct form the starting point. In its advisory opinion of 19 July 2024, the International Court of Justice found Israel's continued presence in the occupied Palestinian territory unlawful, identified a breach of Article 3 of the Convention on the Elimination of Racial Discrimination, which prohibits racial segregation and apartheid, and affirmed the Palestinian people's right to self-determination. In the separate genocide proceedings, the Court ordered provisional measures to protect Palestinians in Gaza under the Genocide Convention. By mid-2026, Amnesty International, the UN Commission of Inquiry, the UN Special Rapporteur and the International Association of Genocide Scholars had each concluded that Israel was committing genocide in Gaza.

What are Luxembourg's legal responsibilities?

These findings engage Luxembourg's responsibilities as a third State: to refrain from recognising the unlawful situation, to avoid aiding or assisting its continuation, and to cooperate to bring serious violations to an end. Luxembourg also has a duty to prevent and punish genocide. Luxembourg's duty is not contingent upon a final judicial determination — it has already been triggered by ICJ judgements. As speakers emphasised, the measures expected of a State depend on its capacity to influence events. Luxembourg's financial sector gives it a tangible means of exercising that influence to stop the financial enabling of violations of international law.

What has Luxembourg's role been?

The Israel Bonds prospectus illustrates the stakes. In 2025, the CSSF accepted Ireland's request to transfer responsibility for approving the prospectus, then approved it, enabling access to retail investors across the EU. The CSSF had discretion to refuse the transfer and powers to request additional information. The bonds were promoted through appeals to wartime solidarity, while their proceeds entered Israel's general budget directly funding the government. Speakers situated this financing within a wider expansion of borrowing to sustain military expenditure, which reached 8.8% of GDP in 2024. Because budgetary resources are interchangeable, additional borrowing can finance military operations or release other funds for that purpose. The risk of this money being used in the illegal occupation and destruction of Gaza is foreseeable.

Has Luxembourg fulfilled its obligations as a third state?

Taking the CSSF's approval of the Israel Bonds prospectus as the test case, the conference concluded that Luxembourg had failed its responsibilities on two distinct grounds. The first was international law. Because bond proceeds flow into Israel's general budget so any assurances about their separation from military expenditure or settlement activity are difficult to substantiate. The approval created a foreseeable and unmitigable risk of sustaining grave violations and foreseeable risk, not traceable harm, is the legal standard. Tracing each payment to a specific unlawful act is therefore neither possible nor required: fungibility is precisely what makes the risk unmitigable. The CSSF's decision was described as a material act of aiding and abetting, for which those who approved it could bear personal criminal responsibility.

On the second ground ; financial regulation, speakers questioned whether the prospectus adequately disclosed the financial and legal consequences of war, credit downgrades and international proceedings. They argued that these shortcomings also engaged the CSSF's investor-protection responsibilities. The 2024 and 2025 Israel bond prospectus did not meet the esma requirements of completeness, consistency and comprehensibility. Speakers identified inadequate disclosure or explanation of credit downgrades, war-related liabilities, international legal proceedings and risks associated with the source of repayments. They also questioned the consistency between promotional claims and Israel's deteriorating fiscal position. The close financial relationship between Israeli state institutions and settlement activity, they argued, required scrutiny of the wider economic connections sustaining unlawful occupation.

What Luxembourg can do?

Both arguments expose an unresolved question of accountability. Regulatory independence does not place a public authority outside the State's international obligations. Luxembourg needs a clear framework through which the government and the CSSF ensure that financial decisions comply with those obligations, while respecting their respective mandates. Responsibility extends to both the regulator and the government. The report identifies an accountability gap in which the regulator sought the government's position while ministers deferred to regulatory autonomy. A clear framework is needed to ensure that international-law risks inform financial decisions and that responsibility for addressing them is explicit.

Note de recherche scientifique n° 072 sets out the unilateral measures available to Luxembourg under domestic law. Spain, Slovakia and Ireland show that Member States can act unilaterally where the EU lacks consensus. Such unilateral actions can create a precedent to pressure the EU to act on these grave violations that put the rule of law in question.

A practical programme of action was proposed to adopt or amend national legislation and to impose restrictive measures to implement Luxembourg's international obligations unilaterally. Targeted legal measures at a local level can impact and help bypass the resistance of some EU states for clear legislation and action by the EU.

Taking clear measures to:

i) Use legislation to prohibit trade and financial relations that sustain illegal occupation, including through public procurement and private commerce.

ii) Refuse further prospectus approvals or transfers where the identified risks of contributing to grave violations remain unresolved

iii) Review Fonds de Compensation investments and end holdings that contribute to unlawful occupation or other grave violations.

iv) Give sustainable-finance commitments binding effect through transparency, accountability and independent ethical scrutiny of high-risk investments.

v) Apply heightened, OECD-aligned human rights due diligence across the financial sector and incorporate it into supervision

Developments since the conference reinforce the need for lasting safeguards. The CSSF declined Ireland's 2026 transfer request, and its existing approval expired on 31 August. As of 16 September, no successor approval is known. This ended the programme's existing route to EU retail investors without closing Israel's other borrowing channels. ESMA confirmed that the Prospectus Regulation allowed consecutive transfers: the legal framework permitted discretion in both years. The refusal therefore leaves open the question of how the risks identified in this report were assessed in 2025 and what standards will govern future decisions. The expiry of the prospectus is a consequential development, but Luxembourg's wider responsibilities to ensure its business environment does not enable violations of international law endure. The government, Parliament and the CSSF should now establish enforceable safeguards, explain the basis of past decisions and ensure that public and private financial activity is assessed against the country's international obligations. Luxembourg has the influence to help prevent grave violations and the opportunity to strengthen European action. Its credibility will depend on using that influence consistently to protect Palestinian rights and uphold international law

Introduction — the conference and its legal foundation

As one of the world's largest investment fund centres, Luxembourg occupies a pivotal and increasingly scrutinised position in global finance. On 18 May 2026, over 180 participants — including members of parliament, civil society leaders, academics, and international legal and economic experts — gathered at La Coque to examine a pressing question: do Luxembourg's financial and commercial ties with Israel place the country in violation of its obligations under international and humanitarian law?

The conference was grounded in the legal positions set out in the Chamber of Deputies' *Note de recherche scientifique n° 072*,[1] commissioned by MP Franz Fayot and published on 23 March 2026, which examined Luxembourg's obligations as a third State with respect to economic activities sustaining internationally wrongful conduct by Israel. Based on two independent legal opinions, the *Note* reaffirmed positions already stated in reports and letters to the CSSF and the Luxembourg Government: the Law for Palestine legal opinion[2] submitted to the CSSF on its Israel bond prospectus approval, and Francesca Albanese's report on third-State enabling of the "economy of occupation" and the "economy of genocide".[3]

As MP Fayot emphasised in his opening remarks, the legal analysis was commissioned to shift the debate from political emotion to legal responsibility. It underscored three propositions that frame this report:

- Israel's serious violations of international law are fully established. Luxembourg is bound by international legal obligations it cannot disregard.
- Under third-State responsibility Luxembourg has the legal obligation to act and possesses the domestic legal means to do so. Inaction cannot be considered a neutral position under international law.
- The financial sector provides Luxembourg with real leverage to uphold these obligations. The CSSF has core duties here to prevent the wrongful acts that enable grave violations of human rights.

The legal conclusions and recommendations presented in this report reflect the analyses advanced at the conference by the speakers and in the documents under discussion, including *Note de recherche scientifique n° 072* and the Law for Palestine legal opinion.

1

What has happened?

Israel's serious violations of international law are established

1.1 Documenting atrocity crimes

Budour Hassan, a human rights lawyer and researcher on the Amnesty report[23], documented that Israel has perpetrated three of the five prohibited acts under the Genocide Convention — findings supported by the 16 September 2025 UN independent commission of inquiry into the occupied Palestinian territory[24], which found the Israeli authorities responsible for four of the five genocidal acts. She set out Amnesty International's detailed methodology for documenting atrocity crimes — survivor testimony, open-source evidence, weapons analysis, and corporate due-diligence research — drawing on cases involving Hyundai machinery in home demolitions, US-made bombs in attacks on Palestinian families, and the Norwegian Pension Fund's exposure to settlement-linked firms.

By mid-2026 these findings formed part of a convergent body of authoritative determinations that Israel is committing genocide in Gaza. In June 2026 the UN Commission of Inquiry found that Israel was deliberately targeting Palestinian children as part of an ongoing genocide;[8,25] Amnesty International (December 2024), the UN Special Rapporteur on the occupied Palestinian territory, and the International Association of Genocide Scholars have reached the same conclusion. The International Court of Justice's genocide case on the merits (*South Africa v Israel*) remains pending.

Her central point was that rigorous documentation preserves victims' voices, prevents denial, and removes the "we did not know" defence available to corporations and States. That documentation process also retraumatises the victims of Israel's genocide and ethnic cleansing, leaving both researchers and victims questioning whether justice will ever be served.

1.2 The ICJ, jus cogens and erga omnes obligations

The International Court of Justice's advisory opinion of 19 July 2024 found Israel's continued presence in the occupied Palestinian territory unlawful — including its violation of the prohibition on the acquisition of territory by force — together with a breach of the prohibition of racial segregation and apartheid (CERD, Article 3) and an obstruction of Palestinian self-determination. UN experts, including the Special Rapporteur, characterise these violations as apartheid, aggression, and the denial of self-determination[9] — peremptory (*jus cogens*) norms whose breach triggers *erga omnes* obligations, meaning that all States, including Luxembourg, must respond. As Dr Shahd Hammouri explained:

> *"All three violations [apartheid, aggression, denial of self-determination] are violations of what we call jus cogens norms of international law... When a state is found to be in violation of these core norms, all other states must come together to do everything within their leverage and capacity in order to end that illegality."*
>
> — DR SHAHD HAMMOURI

Luxembourg's own legal submissions to the ICJ corroborate these obligations.

“All three violations [apartheid, aggression, denial of self-determination] are violations of what we call jus cogens norms of international law… When a state is found to be in violation of these core norms, all other states must come together to do everything within their leverage and capacity in order to end that illegality.”

DR SHAHD HAMMOURI

2

What are Luxembourg's legal responsibilities?

Third-State duties and our leverage as a financial centre

Franz Fayot MP referred to Luxembourg's inaction in the face of Israel's grave breaches of international law having legal consequences. As a global financial hub, Luxembourg has the domestic legislation and international obligations to act against atrocities, yet it has failed to do so. M. Fayot commissioned *Note de recherche scientifique n° 072* to clarify Luxembourg's legal responsibilities regarding Israel's illegal actions, the sanctions possible under current domestic law, and the actions available to politicians and civil society. He emphasized the duty to act:

> *"Inaction by Luxembourg is not an option. We cannot just stand by and look on. We must not recognize what Israel is doing in the occupied territories, make a clear distinction between Israel and the settlements in our dealings, and take action through the financial sector—that's the big leverage we have."*
>
> — FRANZ FAYOT

2.1 Three duties binding on Luxembourg as a third State

The legal experts referenced the three duties binding on Luxembourg as a third State

- **Duty of non-recognition:** no legal value should be accorded to acts stemming from Israel's illegality.
- **Duty not to aid or assist:** Luxembourg must use its leverage to halt violations, including by suspending the Israel bond prospectus, divesting pension funds, and ending trade with illegal settlements.
- **Duty to cooperate:** Luxembourg must actively support international justice mechanisms.

Luxembourg and its public bodies,including regulators, must avoid recognising, aiding, or sustaining such breaches, as set out in the International Law Commission's Articles on State Responsibility (2001).

Franz Fayot stressed that non-cooperation must be challenged — as seen when Luxembourg's BCEE bank closed two ICC accounts:

> *"We have the duty to cooperate with the International Criminal Court. That means that you should not close the accounts of the International Criminal Court... Rather, you should assist them and support them. They are a pillar of international law and of the international multilateral system."*
>
> — FRANZ FAYOT

2.2 The duty to prevent genocide is measured by capacity and leverage

As a signatory to the Genocide Convention, Luxembourg also bears the duty to prevent and punish genocide. The Bosnia case before the ICJ[26] signalled how States should act:

> *"The court's ruling made it clear that the duty to prevent is premised on the capacity and leverage to influence. It is indeed only reasonable that we ask states to use their capacity and leverage to prevent genocide."*
>
> — DR SHAHD HAMMOURI

The ICJ's January 2024 ruling[27] found that Israel's actions in Gaza plausibly constitute genocide. From that moment all States bore a duty to prevent genocide, proportional to their capacity. As Dr Hammouri underscored:

> *"The duty to prevent genocide is measured in terms of capacity. If the state of Luxembourg's whole economy is very much entangled with the global banking industry and finance industry, that is the biggest leverage that the state can take forward in relation to stopping this open-ended bloodbath."*
>
> — DR SHAHD HAMMOURI

2.3 Luxembourg's leverage as a leading financial centre

The financial sector provides Luxembourg with real leverage; leverage that can either enable violations of international law or regulate and limit them. As an important financial centre, Luxembourg holds the power either to facilitate an "economy of occupation" and an "economy of genocide" or to enforce accountability.

2.4 From an economy of occupation to an economy of genocide

Francesca Albanese, UN Special Rapporteur on the occupied Palestinian territory, documented how third-State financial activities sustain systems of occupation and genocide. She traced how the international financial sector — through sovereign bonds, underwriting banks, asset managers, insurers, and pension funds — has continued to channel capital to Israel amid accusations of plausible genocide. Albanese highlighted a paradox: while Israel's broader economy faced collapse, the Tel Aviv Stock Exchange rose by over 200% in US-dollar / market-value terms,[4] the war fuelled by financial flows, particularly bond sales. As she explained:

> *"The financial sector has been critical in supporting not just the occupation but the economy of the occupation, including in the moment it transitioned from an economy of occupation into an economy of genocide. Israel from October 2023 has increased its stock market value by over 200% in the first 18 months of genocide. How is this possible? Because the financial sector has channeled critical funding to both states and corporate actors operating within the realm of the Israeli occupation and apartheid."*
>
> — FRANCESCA ALBANESE

2.5 Israel's war budget and its turn to the debt markets

She described how Israel's military budget doubled from 4% to 8% of GDP between 2022 and 2024,[5] driving the public budget into significant deficit. To fund this, Israel turned heavily to the debt markets. Its sovereign international dollar-bond sales — a record US$8 billion in March 2024 and a further US$5 billion in February 2025, syndicated by banks such as BNP Paribas and Barclays[10] — run alongside the diaspora "Israel Bonds" programme, the retail bonds issued by the Development Corporation for Israel that are the subject of the CSSF prospectus. The two are distinct instruments, but both channel capital into the same wartime budget.



Outside the headquarters of the CSSF, Luxembourg, 9 December 2025: the demonstration held as the CPJPO delivered to the CSSF board the first of a series of letters asking it to reassess its approval of the Israel Bonds prospectus.

"The duty to prevent genocide is measured in terms of capacity. If the state of Luxembourg's whole economy is very much entangled with the global banking industry and finance industry, that is the biggest leverage that the state can take forward in relation to stopping this open-ended bloodbath."

DR SHAHD HAMMOURI

3

Has Luxembourg fulfilled its obligations under international law?

The CSSF's approval of the 2025 Israel Bond prospectus

3.1 Luxembourg's role: what the CSSF approved, and the discretion it held

Israel uses the bond issuance by the Development Corporation for Israel to support its war. The CSSF chose to approve the 2025 Israeli bond prospectus, making Luxembourg the gateway for Israel to raise funds for its war economy within the EU. The bonds are marketed to small-scale retail investors with limited financial expertise to scrutinise a prospectus.

Senator Higgins stressed that CSSF approved the prospectus while holding "sole and absolute" discretion to refuse the transfer from Ireland, and the right to seek further information from Israel before approving.

3.2 Aiding and assisting: the international-law analysis

Dr Shahd Hammouri argued that the CSSF's approval of the Israeli bond prospectus constitutes a material act of aiding and abetting, arguable under international criminal law — such that the CSSF and the Luxembourg State could be held accountable for the approval. She highlighted a stark inconsistency in how the EU treats State criminality compared with individual accountability:

> *"If I cannot use my bank to launder money or facilitate criminal activity—and my bank would face harsh consequences for doing so—then why are we arguing that the same standards don't apply to states? Europe is reluctant to recognize the criminality of a systematic and structural act in its totality. What we don't allow individuals to do, we're somehow arguing is not criminally valid for a whole state—which has the capacity, leverage, and consent to say no. It is not passive; it is actively processing fungible proceeds. The material elements of complicity are obviously there."*
>
> — DR SHAHD HAMMOURI

Albanese was unequivocal on the need for action:

> *"The emission of bonds… supported the Israeli economy at a time when Israel is accused of war crimes, crimes against humanity, and genocide by all human rights organizations with a credible reputation… The sale of bonds is illegal under international law because it goes directly into contributing to the genocidal machinery."*
>
> — FRANCESCA ALBANESE

This approval enables Israel to upgrade its war capabilities, enter new contracts with technology companies for surveillance and targeting, and escalate its lethal power. For Albanese, this constitutes crimes:

> *"Business and human rights standards say that all economic actors, all financial actors, have to abstain from being directly linked to, contributing to, or causing human rights impact. Here we are not talking just of human rights impact. Here we are talking of crimes. Crimes for which there is liability of individuals, including CEOs of banks, those who have authorized the sale of the bonds."*
>
> — FRANCESCA ALBANESE

Dr Hammouri concurred:

> *"Those who have taken the decision to approve the prospectus are indeed at personal criminal responsibility for facilitating acts of genocide."*
>
> — DR SHAHD HAMMOURI, NOTE DE RECHERCHE N° 072, P. 19

Foreseeability, not traceability, is the operative standard:

> *"Luxembourg could foreseeably see that money processed through Israel bonds can be used for grave violations of international law. That fore-*

> *seeability is very easily done by the most simple acts of due diligence. Luxembourg has the duty to undertake due diligence as to whether or not its material contributions would facilitate such acts of genocide."*
>
> — DR SHAHD HAMMOURI

The Law for Palestine legal opinion[2] reaches the same conclusion: the fungibility of bond proceeds creates an immitigable risk of funding Israel's wrongful acts, and the CSSF's review is "not a mere neutral administrative act but a significant foreign policy and legal decision". As Dr Hammouri warned at the conference:

> *"Where sovereign bonds create a foreseeable and unmitigable risk of sustaining internationally wrongful conduct, characterising such decisions as purely technocratic or administrative becomes difficult to reconcile with Luxembourg's obligations as a third State. Such decisions put the whole of the international legal system at a knife's edge. The question remains whether Luxembourg will take the initiative in the future in order to say we refuse this overall destruction of the international legal system."*
>
> — DR SHAHD HAMMOURI

Senator Alice-Mary Higgins highlighted that Israel Bond advertising openly tied the bonds' proceeds to military action, removing any ambiguity about their purpose. The bonds were promoted with statements such as:

> *"Israeli President Isaac Herzog is rallying for unwavering support for the Jewish state and emphasizes the crucial role of Israel bonds during this time of conflict and war."*
>
> — ISRAEL BONDS PROMOTIONAL MATERIAL, CITED BY SENATOR ALICE-MARY HIGGINS

3.3 Why the absence of direct causality is not a defence

Wealthy EU States often "fight tooth and nail", in Dr Hammouri's words, to resist their legal duty to act, in order to protect business interests. They commonly justify inaction by casting doubt on the causal link between Israel bonds and violations of international law. Such arguments underplay the complexity of genocide and of global economic systems:

> *"Arguments casting doubt on the links between Israel bonds and violations of international law are premised on a misguided reading of reality and the law. If direct causality were required for defining the parameters of state responsibility, this would defeat the purpose of these customary principles. Meanwhile, denying the reality of Israel's deeply integrated war economy, evidently shamelessly advertised on the Israel war bonds website, is premised on an attitude that can only be described as colonial oblivion."*
>
> — DR SHAHD HAMMOURI

In legal terms, third-State responsibility does not require direct attribution:

> *"This seeks to apply a very conservative application of criminal legal thinking to third-state responsibility. Third-state responsibility does not require direct attribution. The standard here is state due diligence in relation to foreseeability. So if you can foresee that this could possibly contribute to a genocide, the only logical reaction is to stop it, whether or not you can establish direct causality."*
>
> — DR SHAHD HAMMOURI

Direct causality, she noted, is the very argument that large corporations use to perpetrate the worst crimes in the international legal system — and it overlooks developments in business-and-human-rights discourse in which Luxembourg has previously led.

Dr Alexandros Politis, referencing *Note n° 072*, acknowledged that while the thresholds for holding States accountable under the Genocide Convention are high, the claim that proceeds simply enter Israel's general budget making traceability difficult, can be surmounted: even untraceable funds liberate other funds that may enable crimes such as arms purchases. That argument, though untested, could succeed in court and set a precedent for third-State responsibility.

3.4 Addressing denials of responsibility for applying international law

Both the CSSF and the government have a duty to act when clear breaches of international law are identified. Where the CSSF lacks specific expertise, the government must step in:

> *"The CSSF does not have specific expertise in international humanitarian law or interpreting international law principles. That's why, for such decisions, it needs to look to the Ministry of Foreign Affairs for guidance. If they do that, I expect them to get the proper advice and correct interpretation of international law and then make their decision based on that."*
>
> — DR SHIR HEVER

Mr Fayot questioned the government's inaction when the CSSF asked it for legal advice:

> *"So they should have been told by their politicians when they asked for this political guidance, and certainly they should be told now that these bonds are an instrument in the genocidal war that is conducted by Israel."*
>
> — FRANZ FAYOT

In both Ireland and Luxembourg, the claim that the operational independence of the financial authorities removes them from State obligations under international law was challenged:

> *"The CSSF is operationally independent in the sense that it does not take orders from the Ministry of Finance when it comes to its supervision or decisions. But that does not mean it is not part of the body of Luxembourg in relation to international obligations... The CSSF is a member of the Luxembourgish state and therefore has a political responsibility. When it becomes sensitive, it looks for guidance from the Ministry of Foreign Affairs or others, which they should give."*
>
> — FRANZ FAYOT

While the CSSF may act independently in its day-to-day supervision, its obligations as a State body to comply with Luxembourg's treaty commitments — including the duty to prevent genocide and not to aid or assist serious violations — remain non-negotiable.

For further information on the approval of the Israel Bonds prospectus in Luxembourg, see *The Approval of the Israel Bonds Prospectus in Luxembourg: Legal Risks, International Obligations, and the Role of the CSSF* (Collectives for Palestine, 2026).[28]



Francesca Albanese, UN Special Rapporteur on the occupied Palestinian territory, addressing the conference by video link.

"The emission of bonds… supported the Israeli economy at a time when Israel is accused of war crimes, crimes against humanity, and genocide by all human rights organizations with a credible reputation… The sale of bonds is illegal under international law because it goes directly into contributing to the genocidal machinery."

FRANCESCA ALBANESE

"Everything is a war economy, and everything is a war bond."

DR SHIR HEVER

4

Has Luxembourg fulfilled its obligations under the financial regulatory regime?

The CSSF, Israel Bonds and the absence of due diligence

4.1 The CSSF's failure to protect investors under the EU Prospectus Regulation's disclosure rules

Once seen as low-risk sovereign instruments, Israel Bond's risk profile has been fundamentally altered by the binding legal and financial developments since 2024. The CSSF and Central bank of Ireland have failed their obligation to disclose this elevated risk to protect investors. It can be foreseen that bond proceeds may fund grave violations, including genocide. Because funds are fungible, no ring-fencing can separate bond proceeds from military expenditure or settlement activity. The Regulation is clear on the standard owed to investors:

> *"The prospectus should provide investors with the necessary information to make an informed assessment of the issuer and the securities. The information should be presented in a clear and comprehensible form and should not be misleading."*
>
> — EU PROSPECTUS REGULATION

ESMA guidance states explicitly that national competent authorities must assess the completeness, accuracy and clarity of a prospectus; that it must not contain false or misleading information (Article 20); that all material risks — legal, financial and reputational — must be disclosed (Article 6 and Recital 10); and that it must comply with EU law, including the Charter of Fundamental Rights. The CSSF must likewise perform its own functions consistently with European law, including the Charter and other international law.

4.2 The war economy and the real risk of default

The economic analysis of investor risk set out by expert testimony at the conference identifies the misleading nature of the 2025 prospectus and details CSSF's failure to disclose the full extent of the legal challenges and the financial impact of war and occupations on Israel's economy . Dr Shir Hever, an economist and expert on Israel's war economy, addressed investor risk by answering the two questions posed in Ireland by the Central Bank: are Israel bonds war bonds, and will Israel default on repayments?

For Hever, the very framing of the first question reveals a wilful ignorance of the militarised nature of Israel's economy:

> *"The Israeli economy is the most militarized economy in the world. There is no country that dedicates a bigger part of its budget to war expenditure than Israel. The genocide is only possible because every aspect of Israel's economy has been mobilized for this genocide—not just the defense budget... but also all the other ministries: the Ministry of Health, the Ministry of Education, the Ministry of Transportation."*
>
> — DR SHIR HEVER

He explained that bond proceeds are fungible:

> *"They enter Israel's general budget, which finances the war economy. Everything flows to the Ministry of Finance, which has prioritized funding genocide over other expenditures. Since October 2023, Israel's defense spending has doubled from 4% to over 8% of GDP—the highest in the world—with all state apparatuses mobilized for war."*
>
> — DR SHIR HEVER

His answer to the Central Bank of Ireland's question was unequivocal:

> *"Everything is a war economy, and everything is a war bond."*
>
> — DR SHIR HEVER

On the second question — whether, as the Governor of the Central Bank of Ireland put it, "the state of Israel is able to repay these bonds" — Hever's answer was equally blunt: Israel's bonds are not only morally and legally problematic but financially risky. Israel's soaring debt and deficit are tied directly to the cost of genocide; without that spending, Israel would not need to sell bonds at such a scale. Israel's military spending reached 8.8% of GDP in 2024 — the second-highest military burden in the world, after Ukraine[5] — and, with total war costs for 2025 estimated at around NIS 250 billion against a formal defence budget of roughly NIS 110 billion, its public finances are increasingly shaped by the costs of war, occupation and prolonged military operations.[12] The finance minister has abandoned fiscal responsibility for ideological ends,[7] dismissing economic oversight with the declaration, "This is a war budget, and God will give us victory." For Hever, no sane investor should touch these bonds, and the risk of default is real.

By obscuring its true position — hiding deferred payments, suppressing financial reports, and understating debt — Israel misleads investors who rely on incomplete disclosures to assess creditworthiness. Its bond prospectuses conceal future liabilities, including billions in deferred weapons purchases from the US and other undisclosed suppliers under contracts whose delayed-payment clauses keep the debt off Israel's financial reports. Investors buying bonds in Luxembourg are therefore shown only a fraction of the real debt, producing misleading credit ratings. Even Moody's and S&P downgraded Israel's rating twice during the war (Fitch once),[11] yet their adjustments were minimal, assuming Israel would still repay its debts — an assumption Hever describes as unrealistic.

The risks are real and imminent. The National Insurance Institute has announced it will go bankrupt within years because its funds, like all public money, are being diverted to finance genocide:

> *"The National Insurance Institute does not have its own treasury. Everything goes to the Ministry of Finance. And because the Ministry of Finance has decided to use this money to finance a genocide, the National Insurance Institute announced that within a few years it will go bankrupt and no one in Israel will be covered anymore."*
>
> — DR SHIR HEVER

This is the reality behind the Israel bond's prospectus claim of a resilient economy. It is a war-driven economy, unsustainable debt, credit downgrades, and a high risk of default. Under the principles of third-State responsibility, Luxembourg has a duty to act where there is a foreseeable risk that its actions may contribute to internationally wrongful acts; proof of direct causality is not required.

4.3 The prospectus failed the three criteria: complete, consistent and comprehensible

In Ireland, Senator Higgins described how the Central Bank repeatedly asserted that its regulations did not require it to consider violations of international law — only whether the prospectus was complete, comprehensible and consistent. She challenged the conclusion that it met even those requirements:

> *"Can a prospectus be regarded as comprehensible if you are not exactly sure what it's going to be used for? Can it be regarded as complete if it does not contain information in relation to the International Court of Justice rulings and did not include detail of the genocide case taken by South Africa? It said... a case had been taken by South Africa without referencing that it was under the Genocide Convention, and there are powers for competent authorities to suspend or decline approval of bonds where the information is incomplete."*
>
> — SENATOR ALICE-MARY HIGGINS

In September 2025, the CSSF also failed to seek the supplementary information needed to ensure the 2025 prospectus satisfied these three criteria. Conference speakers referenced these types of points:

Incomplete — material risks are omitted. The prospectus fails to disclose key information an ordinary investor would need to calculate the legal and financial risk, including the context of the reasons of the repeated credit downgrades by major rating agencies, the financial implications of Israel's war economy and occupation-related expenditure, and ongoing international legal proceedings that could affect Israel's financial position.

Inconsistent — marketing conflicts with financial reality. Israel Bonds are promoted through emotional appeals to solidarity. They are presented as a stable, attractive investment, while downgrades, economic contraction and legal risks are downplayed.

The yields offered do not appear to reflect this full scale of risk.

Incomprehensible — risks are insufficiently explained. The prospectus does not clearly explain how bond proceeds may support an economy shaped by war and occupation, nor the legal and financial risks arising from revenues linked to activities in the occupied Palestinian territories — including the fact that such revenue may qualify as proceeds of crime under Luxembourg's anti-money-laundering framework.[13] Senator Higgins addressed the source of bond repayments, given that Israel's general exchequer draws on VAT illegally collected in the occupied Palestinian territories and, as Dr Hever noted, on some US$7 billion in tax revenue withheld from the Palestinians:[6]

> *"It's not clear at all that the state of Israel is able to repay those bonds in a way that is not inconsistent with international law because it's not just around what the money that goes in is used for. It's also where does the money for repayment come from?... the money for repayment comes from the general exchequer of Israel into which VAT illegally collected in the occupied Palestinian territories contributes."*
>
> — SENATOR ALICE-MARY HIGGINS

Neither the 2024 nor the 2025 Israel Bond prospectus was complete, consistent or comprehensible. Their approval was therefore a breach of regulatory duty and a failure to apply a heightened standard of regulatory due diligence as required of the CSSF under OECD guidelines.



Panel 1, “Establishing the facts, determining the law”: Budour Hassan of Amnesty International joins by video link.

“How can you separate the actions of these settlers and these settler organizations from the Ministry of Settlements led by [Bezalel] Smotrich? How can you separate those from the Ministry of Agriculture, the Israeli Ministry of Agriculture which funds illegal outposts? So how can you say that, only settlements or only settlers, and pretend as if these settler organizations are not directly funded by Israeli ministries, by Israel itself?”

BUDOUR HASSAN

4.4 Refusing the fragmentation strategy: Israel's economy and the settlement economy are one

The legal and due-diligence obligations of third States mean they must reject attempts to "fragment" accountability by artificially separating Israel's economy from that of the occupied Palestinian territories, despite the two being "structurally interdependent and indistinguishable". As Dr Hammouri argued, requiring States to separate the two economies puts *"process over substance"* becoming a bureaucratic exercise that prevents real compliance.

Budour Hassan put the question directly:

> *"How can you separate the actions of these settlers and these settler organizations from the Ministry of Settlements led by [Bezalel] Smotrich? How can you separate those from the Ministry of Agriculture, the Israeli Ministry of Agriculture which funds illegal outposts? So how can you say that, only settlements or only settlers, and pretend as if these settler organizations are not directly funded by Israeli ministries, by Israel itself?"*
>
> — BUDOUR HASSAN

She stressed that the ICJ's binding measures on Israel's illegal occupation *"didn't only talk about settlements- it talked about any measures that will assist in maintaining the occupation. They concern what is so-called 'Israel proper' as well."*

Due diligence therefore requires the Luxembourg Government and the CSSF to consider Israel's actions and economy as a whole, rather than adopting a bureaucratic separation that obscures the legal and financial risks associated with violations of international law.

4.5 The call for suspension and non-renewal

Senator Higgins addressed the governments of both Ireland and Luxembourg, urging them to stop hiding behind claims of regulatory independence:

> *"We can press the competent authority to ensure that these bonds are not renewed. It is a two-pronged piece: push first of all to say these authorities have tools which they should be using to ensure that these bonds are not renewed in September. And then also to press that if the banks or the competent authorities will not act, the government cannot hide behind the idea of independence."*
>
> — SENATOR ALICE-MARY HIGGINS

She stressed that Luxembourg and Ireland hold the key: if the transfer and the renewal of the prospectus are refused, Israel cannot sell its bonds anywhere in the EU:

> *"The Irish Central Bank should not agree to any request to transfer a new prospectus for bonds that provide the liquidity in millions and billions that helps fund illegal activity and breaches of human rights. We will be saying that Ireland should decline that request for the transfer ….then..Israel cannot sell its bonds within the European Union. That is a key cutoff of the flow of money and the flow of arms. We as two countries should be working very closely to ensure that we do not slide into yet another year of complicity."*
>
> — SENATOR ALICE-MARY HIGGINS

Franz Fayot reinforced the practical possibilities for action:

> *"Luxembourg even now has possibilities to act economically through sanctions but also take action through its financial sector."*
>
> — FRANZ FAYOT

And Dr Hammouri underscored the imminence of legal consequences:

> *"Court cases are coming. They are coming fast, and courts will not be able to uphold prior positions, simply because they are illegal and because we have normalised a political system of illegality that, the moment it reaches court, will not stand up."*
>
> — DR SHAHD HAMMOURI

"Luxembourg, however small it is, has always been at the forefront of developments in the European Union and can do the same now."

DR ALEXANDROS POLITIS

"Here in Luxembourg we have a sustainable finance initiative supported by the Ministry of Finance, the Ministry of the Environment, and by ALFI and the ABBL, promoting responsible business conduct. My message would be: put your money where your mouth is. And to the government, my message is: put your legislation where your mouth is."

JEAN-LOUIS ZEIEN

"The Irish Central Bank should not agree to any request to transfer a new prospectus for bonds that provide the liquidity in millions and billions that helps fund illegal activity and breaches of human rights. We will be saying that Ireland should decline that request for the transfer ....then..Israel cannot sell its bonds within the European Union. That is a key cutoff of the flow of money and the flow of arms. We as two countries should be working very closely to ensure that we do not slide into yet another year of complicity."

SENATOR ALICE-MARY HIGGINS

5

What can Luxembourg still do?

Other avenues for unilateral action



Round table, “Closing the compliance gap: concrete actions for Luxembourg to uphold international law in the occupied Palestinian territories”.

5.1 Note de recherche scientifique n° 072 and the domestic legal means

Unilateral action offers Luxembourg a powerful means to lead by example. *Note n° 072* outlines the unilateral actions available to Luxembourg under domestic legislation. While the thresholds for complicity remain high, Dr Alexandros Politis highlighted emerging legal arguments and the role of national lawsuits in pressing the EU to confront its inconsistencies in responding to Israel’s violations of international law.

> *“Luxembourg, however small it is, has always been at the forefront of developments in the European Union and can do the same now.”*
>
> — DR ALEXANDROS POLITIS

5.2 Member States already acting

The EU claims exclusive competence over trade restrictions with third countries. Yet, as Politis and others noted, Spain, Slovakia and Ireland have already taken unilateral action, and where the EU lacks consensus Luxembourg can act alongside Member States such as Spain, Ireland and the Netherlands. Mr Fayot pointed to Spain in particular:

> *“Spain’s unilateral steps to suspend its trade agreement with Israel are gaining traction at the European level.”*
>
> — FRANZ FAYOT

Dr Shir Hever stressed that such steps never come from governments’ own initiative:

> *“It always starts from the people and the grassroots level, then goes to civil society, media, legal action, universities, religious institutions, and unions, and then it gets to the decision-makers and governments when they see that the people are behind them.”*
>
> — DR SHIR HEVER

Senator Higgins set out Ireland’s concrete steps to align its policies with international law. The Irish government has cited the ICJ’s July 2024 advisory

opinion in the preamble of its legislative proposals on the legality of trade with occupied Palestinian territories. While the focus has often been on trade in goods, the opinion explicitly mentions investment — a critical point for addressing Israeli bonds. During hearings in Ireland's Foreign Affairs Committee there was unanimous agreement, even among government members, that restrictions should extend beyond goods to include services and investment.

5.3 Trade and financial relations with illegal settlements

Luxembourg has the national legislative means to act on trade with illegal settlements. Citing the ICJ advisory opinion, which obliges States to prevent trade relations in occupied territories — not only between governments but also between private enterprises — Dr Politis observed:

> *"This is an obvious obligation arising from the advisory opinion of the International Court of Justice that Luxembourg and any other third country should prevent trade relations even between individuals."*
>
> — DR ALEXANDROS POLITIS

The European Commission's narrower reading — limiting obligations to interstate relations — contrasts with these broader legal possibilities. Politis cited national lawsuits as a way to create case law and set precedents, paving the way for EU-level collective action; the labelling of settlement products shows how national resistance within the EU can be bypassed through targeted legal measures.

5.4 Sustainable finance, due diligence and the Fonds de Compensation

Luxembourg's sustainable-finance initiative, backed by the Ministry of Finance, ALFI and the ABBL, champions responsible business conduct. Yet irresponsible business behaviour persists unchallenged. As Jean-Louis Zeien of the Devoir de Vigilance Initiative underscored, the UN Human Rights Office database[29] blacklists businesses complicit in illegal activities — yet State bodies such as the Fonds de Compensation continue to invest in companies engaged in illegal settlements in the occupied Palestinian territory, without consequence.

> *"Here in Luxembourg we have a sustainable finance initiative supported by the Ministry of Finance, the Ministry of the Environment, and by ALFI and the ABBL, promoting responsible business conduct. My message would be: put your money where your mouth is. And to the government, my message is: put your legislation where your mouth is."*
>
> — JEAN-LOUIS ZEIEN

The forthcoming transposition of due diligence legislation is a critical opportunity to close this gap. Luxembourg's financial sector must be fully integrated into due-diligence scrutiny to ensure alignment with international law. For companies in the financial sector and beyond — especially in conflict-affected areas — standard human-rights due diligence is insufficient. Heightened, OECD-compliant, conflict-related due diligence is non-negotiable if Luxembourg is to meet its stated commitments, and financial-sector oversight must integrate international-law compliance into financial regulation, aligned coherently with anti-money-laundering law and restrictive measures.

5.5 Luxembourg's opportunity to lead

By acting, Luxembourg could set precedents that push the EU toward collective action, uphold its acknowledged commitment to human rights and international law, and demonstrate leadership in holding States and financial systems accountable for complicity in grave violations. As Politis concluded:

> *"It is only in this way that the European Union might realize that EU legislation needs to be put into place, bypassing national resistances from inside for whatever historical reasons those resistances exist within the European Union."*
>
> — DR ALEXANDROS POLITIS

The message is clear: **Luxembourg's financial sector and its government must match their actions to their words.** Responsible investment must be more than a slogan — it must be **binding, enforced and non-negotiable**. The time to act is now, before the courts force accountability.

"Corporations (like Hyundai) provide machinery to Israeli contractors despite knowing how this machinery has been used over and over and over again in the violation of Palestinian rights, in the destruction of Palestinian homes. When you verify their involvement and highlight the experiences of people who were affected by home demolitions... you ensure that these corporations cannot come and say we didn't know. But despite promises, we are not aware of any due diligence mechanism that has been employed by Hyundai to make sure its machinery is not involved in the destruction of Palestinian homes or in the construction of illegal Israeli settlements."

BUDOUR HASSAN

"Court cases are coming. They are coming fast, and courts will not be able to uphold prior positions, simply because they are illegal and because we have normalised a political system of illegality that, the moment it reaches court, will not stand up."

DR SHAHD HAMMOURI

6

Recommendations: unilateral actions Luxembourg can take



Outside the Central Bank of Ireland, North Wall Quay, Dublin: "Central Bank: stop financing genocide".

1. **Cooperate actively with international justice mechanisms, and adopt or amend national legislation** necessary to give effect to Luxembourg's obligations under international law, including the Genocide Convention and *jus cogens* norms.
2. **Refuse the renewal of the Israel Bond prospectus and any further transfer request**, and suspend the existing prospectus pending full legal review.
3. **Issue national restrictive measures** directing the CSSF to prevent financial transactions that risk contributing to genocide or unlawful occupation, including through Israel Bonds and Fonds de Compensation pension investments linked to Israel.
4. **Prohibit trade and financial relations linked to illegal settlements**, in both public procurement and private commerce.
5. **Ensure OECD compliance for enhanced due diligence** in conflict-affected contexts, with a heightened standard for the financial sector.
6. **Apply new national due-diligence legislation fully to the financial sector**, and incorporate it into financial regulation and supervision.
7. **Ensure the sustainable-finance initiative** backed by the Ministry of Finance, ALFI and the ABBL is more than a public-relations exercise, and is implemented through meaningful due diligence, transparency and accountability measures.
8. **Create an independent ethics body** to advise on high-risk financial investments, with consequences where State bodies invest in companies on the UN blacklist.[29]

Postscript: developments since the conference (to 10 October 2026)

This report records a conference held on 18 May 2026. Several developments since that date bear directly on its conclusions.

Settlement trade sanctions and Luxembourg's responsibilities. Israel Bond funds reach the Israeli government with no transparency or traceability, and with no disclosure of how the money is spent. They can therefore foreseeably finance illegal settlement activity — activity already sanctioned by Ireland, Spain, Norway, Belgium and the Netherlands. On 8 September 2026, Ireland, Spain and Norway joined the UK, France, Denmark, Finland, Iceland, Poland, Portugal, Sweden and Canada in issuing a joint declaration announcing national measures to ban trade in settlement goods; some States, including the UK, will also ban investment in related services.[30] Luxembourg has the domestic legal means to do the same.

Where sanctions apply, raising funds or making investments that foreseeably finance crimes is unlawful — and individuals, companies and financial institutions that support or profit from such activity risk criminal liability. Yet Luxembourg's Fonds de Compensation invests in companies blacklisted for their settlement activity, and in Israeli sovereign bonds underwritten by European banks.

Cooperation with international justice. Luxembourg has a responsibility to act when international justice institutions and their members are delegitimised and targeted with sanctions. On 9 October 2026 the US Secretary of State, Marco Rubio, announced sanctions on the International Criminal Court itself and vowed to dismantle the ICC "brick by brick".[31] Luxembourg's Foreign Minister, Xavier Bettel, condemned the sanctions as a threat to international law and called for a common European response.[32] Yet in February 2025, in the same month in which the US imposed sanctions on the ICC Prosecutor, Karim Khan, the State-owned BCEE chose to close the two accounts the ICC held in Luxembourg.[33] European States have ignored the ICC's arrest warrant against Prime Minister Netanyahu for war crimes and crimes against humanity and allowed their airspace to be used for his travel; the UN permitted him to address the General Assembly in New York.

Israel's 2026 bond prospectus not approved by Luxembourg, Ireland or any other EU State. The transfer refused, the programme expired without a successor.[34] In 2025 the Irish regulator asked Luxembourg to take over approval of the prospectus, and the CSSF accepted. In 2026 Ireland made the same request, and the CSSF declined it.[17] As of mid-September no other Member State was known to have assumed approval of the prospectus; the Central Bank of Ireland said in late August that it had not received a request to re-approve.[20] Dr Shir Hever has warned that, in the absence of an alternative host, the effect "could force Israel to default on some of its debt, and at the very least will crash the value of the bonds".[14]

The purely legal explanation of the CSSF and the Luxembourg Government does not hold. Finance Minister Gilles Roth confirmed that the CSSF will not renew its approval. He characterised it as a matter of regulatory compliance rather than a response to political pressure, saying the CSSF had "followed European criteria throughout".[14]

CSSF director general Claude Marx told RTL in July 2026 that accepting a second transfer would "circumvent the European rules", and that the regulator was simply applying the law.[17] The European Securities and Markets Authority contradicted that reading. Asked by the *Luxembourg Times* whether consecutive transfers are permitted, ESMA replied: "Yes, a national competent authority can accept the transfer of the approval in two consecutive years." Article 20(8) of the Prospectus Regulation gives national competent authorities "the discretion to accept transfers of the approval of a prospectus from an NCA from another Member State, including in relation to requests to transfer the approval in consecutive years".[17]

The CSSF said it had accepted the first transfer "in a spirit of good cooperation" between European regulators and because Israel had previously listed bonds on the Luxembourg Stock Exchange, but that "this does however not justify exceptional subsequent transfers for this category of bonds".[17]

Two decisions, one legal framework. This exchange removes the ground on which the 2025 approval was defended. In 2025 the CSSF confirmed that it had the discretion to refuse Ireland's request

but said it found "no valid arguments" to do so, adding that no European or national guidance defined what a valid argument might be; the only example it offered was a regulator's lack of technical expertise in an unfamiliar product.[19] In 2026 it refused. Article 20(8) did not change; what changed was the assessment of whether valid arguments existed. That is the question the conference was convened to answer, and the speakers answered it in detail: the foreseeable risk that bond proceeds sustain grave violations of international law, the fungibility of those proceeds, the duty to prevent genocide measured by capacity and leverage, and a prospectus that was neither complete, consistent nor comprehensible.



Amnesty International Luxembourg outside the CSSF, 21 July 2026, calling for suspension of the sales.

Amnesty International's warning. In July 2026 Amnesty International called on "all EU Member States not to agree to fund the State of Israel, thereby enabling it to continue its military operations".[15] On 21 July, as around sixty people gathered outside the CSSF's headquarters calling for suspension of the sales, with a parallel protest outside the Central Bank of Ireland, David Pereira, director-general of Amnesty International Luxembourg, warned that Luxembourg could appear in the organisation's next annual report as a State that violates human rights:

> *"There is a serious risk that Luxembourg will be listed in Amnesty International's next report as a country that violates human rights, which is a huge embarrassment."*
>
> — David Pereira
>
> *"The most ironic thing of all is that Luxembourg, on the one hand, supports development projects in Palestine. On the other, it facilitates funding for those who want to destroy them… On top of that, there is now a possible link to genocide. And Luxembourg knows full well what oppression is and what genocide means – it saw it at first hand during the Second World War. It must do everything in its power to prevent another one."*
>
> — DAVID PEREIRA

Amnesty has condemned Luxembourg on three previous occasions (the 2023 anti-terrorism bill, police violence at a 2004 protest against the war in Iraq, and prison conditions in 1992), but the country has never featured in an annual report.[16]

The exchange of letters. The correspondence between the regulator and the government is now on the record.[18] On 15 September 2025, after approving the prospectus and the day before its officials appeared before the parliamentary finance committee, the CSSF wrote to the Ministry of Foreign Affairs asking "to be informed immediately of any changes in the Luxembourg government's position regarding Israel or any potential condemnation of Israel". On 21 October 2025 the Ministries of Foreign Affairs and Finance replied jointly. According to the Ministry, the letter "sets out the government's position", including its concerns over the humanitarian situation in Gaza and the West Bank; it refers to the recognition of Palestine and reiterates Luxembourg's "obligation to respect international law and international humanit-

arian law". It also stresses the CSSF's independence and autonomy and declines to comment on "any decisions taken by the Luxembourg supervisory authority, as defined by European law applicable to this matter". The Ministry has confirmed that the CSSF sent no similar letter in 2026, either before or after refusing Ireland's second request.

Political accountability remains unresolved. The conference identified that gap at 3.4: a regulator without expertise in international law and a government declining to give it guidance. The correspondence records it. The question the conference put — whether a decision of this kind can be treated as purely technical and who answers for it if it cannot — is no closer to resolution than it was in May.

Israel's Ministry of Finance responded that its debt management "is based on a wide range of funding channels in local and international markets" and pointed to "extensive debt raising of over NIS 700 billion since the outbreak of the war".[20] The decision does not stop Israel issuing debt elsewhere, but unless and until another regulator accepts a transfer, Israel Bonds cannot be offered to retail investors across the EU under the passporting system.[22]

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4 Tel Aviv Stock Exchange increase: figure cited by Albanese (A/HRC/59/23) in US-dollar / market-value terms. Note that the shekel-denominated TA-125 index rose by roughly 100–110% over the same period, so the basis of the figure should be stated where it is used. See also OHCHR press release, 3 July 2025.

5 Israel's military expenditure reached 8.8% of GDP in 2024 (up 65% year-on-year), the second-highest military burden in the world after Ukraine (~34% of GDP): SIPRI, *Trends in World Military Expenditure 2024* (April 2025).

6 Withheld Palestinian tax (clearance) revenue: "$7 billion" is Dr Hever's figure, stated at the conference ("Israel is withholding $7 billion worth of tax money that it collected on behalf of the Palestinians"). It is consistent with 2026 figures from the Palestinian Ministry of Finance, which put withheld clearance revenue at roughly US$6 billion — around US$11 billion once frozen banking funds are included. (An earlier Ministry figure of ~₪7 billion / ~US$1.9 billion covered only the narrower 2019–February 2025 deductions.) See Middle East Monitor, 24 June 2026.

7 Israel's finance minister Bezalel Smotrich publicly described himself as "a fascist homophobe": Haaretz, 16 January 2023.

8 Genocide determinations: UN Independent International Commission of Inquiry, "Israel has committed genocide in the Gaza Strip" (16 September 2025), finding four of the five genocidal acts under the Genocide Convention (all but forcible transfer), and "The essence of childhood has been destroyed" (A/HRC/62/CRP.2, 23 June 2026); see also Amnesty International, *"You Feel Like You Are Subhuman"* (5 December 2024), the reports of the UN Special Rapporteur on the occupied Palestinian territory, and the resolution of the International Association of Genocide Scholars.

9 ICJ, *Legal Consequences arising from the Policies and Practices of Israel in the Occupied Palestinian Territory*, Advisory Opinion of 19 July 2024 (finding the occupation unlawful and a breach of the prohibition of racial segregation and apartheid, CERD Article 3). The characterisation of these violations as apartheid, aggression, and the denial of self-determination — all *jus cogens* — is set out by the UN Special Rapporteur (A/79/384).

10 Israel raised a record US$8 billion in sovereign international bonds in March 2024 and a further US$5 billion in February 2025 — instruments distinct from the DCI "Israel Bonds" diaspora programme. See Middle East Monitor, 7 March 2024.

11 Israel's first-ever credit downgrades came during the war: S&P (15 April 2024 and 2 October 2024), Moody's (9 February 2024 and, by two notches, 27 September 2024), and Fitch (13 August 2024), each citing war costs, rising debt and a widening deficit. See Times of Israel, 27 September 2024.

12 Israel's 2025 state budget totalled roughly NIS 787 billion, of which the formal defence allocation was about NIS 110 billion (~one-sixth); total war costs for 2025 were estimated at around NIS 250 billion. See The Jerusalem Post, 2025. The "8.8% of GDP / second-highest burden" figure is SIPRI's (see note 5).

13 Luxembourg's anti-money-laundering reform (Bill No. 8486) entered into force on 19 December 2025, expanding the money-laundering offence to any crime or misdemeanour as a predicate offence, including offences committed abroad. See Baker McKenzie, January 2026.

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Background note. Conference content in section 4 is supplemented with economic data from the Israel Bond report, Stop Israel Bonds.

Acknowledgements

The conference was organised by Amnesty International Luxembourg and the Comité pour une Paix Juste au Proche-Orient. The organisers thank the speakers who gave their time and expertise, the moderators who guided the panels and the round table, and the organisations that joined us at La Coque to present their work in Palestine, Luxembourg, Ireland and internationally.

With thanks to the moderators

Prof. Aikaterina Pantazatou
Professor of Law, University of Luxembourg

Esmeralda Wirtz
Activism Officer, Amnesty International Luxembourg

Dr Anas Obeidat
Civil society activist

Civil society organisations present at the conference

Amnesty International Luxembourg

The national section of Amnesty International, whose reports document the genocide in Gaza and the businesses that profit from the occupation; it campaigns for the suspension of the EU–Israel Association Agreement, which the EU itself found Israel to be in breach of in June 2025.

Comité pour une Paix Juste au Proche-Orient

Supports two long-term projects in Palestine: the “Not To Forget” psychosocial programme for children and mothers in Jenin refugee camp, and DAMAN, a microfinance guarantee fund for small entrepreneurs and vulnerable families in the West Bank, East Jerusalem and Gaza.

ASTM — Action Solidarité Tiers Monde

Long-term partnerships with the Alrowwad Cultural & Arts Society and the Palestinian Farmers’ Union support human rights, advocacy, education and humanitarian work in the West Bank, including the documentation of violations and the defence of land and food rights.

HuSoMe Luxembourg

A humanitarian non-profit that supports medical care for civilians affected by war and crisis, with a particular focus on children and orphans, in places such as Gaza.

Ireland Palestine Solidarity Campaign

Its long-running “Stop the Bonds” campaign works to end Ireland’s regulatory role in the sale of Israeli state bonds in Europe.

Handicap International Luxembourg (Humanity & Inclusion)

Working in Gaza on emergency rehabilitation, psychosocial support and risk education on explosive remnants of war, with a focus on mobility aids for the injured and the protection of civilians.

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