

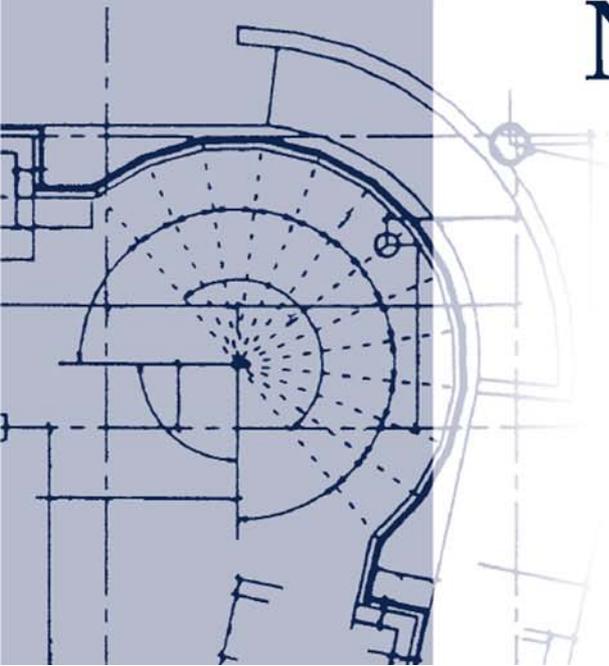
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# CSSF NEWSLETTER

COMMISSION de SURVEILLANCE  
du SECTEUR FINANCIER



## *Banks*

### **Banks' balance sheet total as at 30 November 2002 reports a slight increase**

At 30 November 2002, the balance sheet total of the banks established in Luxembourg reached EUR 667.66 billion as compared to EUR 666.56 billion as at 31 October 2002, which is an increase of 0.17 %.

Due to the withdrawal of Banco di Sicilia International S.A. and Fairbank from the official list of banks, the number of credit institutions registered on the official list of banks amounts to 177 as at 31 December 2002.

## **Professionals of the financial sector (PFS)**

### **Distribution of the professionals of the financial sector according to their status** (as at 31 December 2002)

<b>Category</b>		<b>Number</b>
Commission agents	COM	15
Financial advisors	COF	9
Brokers	COU	6
Professional custodians of securities or other financial instruments	DEP	3
Distributors of units of investment funds	DIST	45
Domiciliation agents of companies	DOM	37
Private portfolio managers	GF	51
Underwriters	PF	3
Professionals acting for their own account	PIPC	16
Market makers	TM	2
Entity authorised to exercise all the activities as PFS permitted by article 28 of the law of 15 December 2000 on postal services and financial postal services	EPT	1
<b>TOTAL *</b>		<b>146</b>

\* the same establishment can appear in several categories at the same time

## Undertakings for collective investment

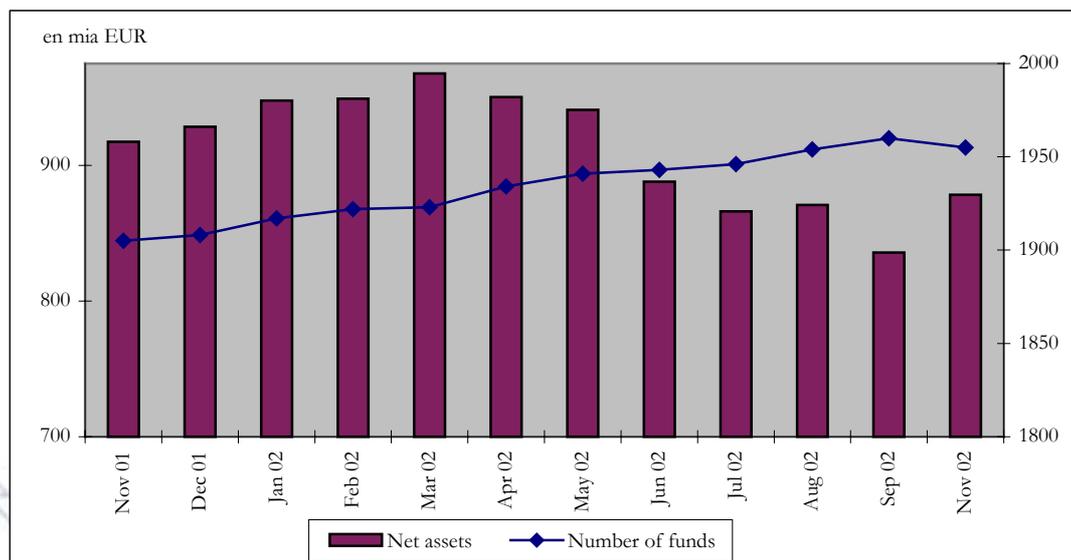
### Increase in UCI's total net assets at the end of November 2002

As at 30 November 2002, the total net assets of undertakings for collective investment reached EUR 878.228 billion compared to EUR 853.718 billion as at 31 October 2002. Consequently, the Luxembourg undertakings for collective investment sector has increased by 2.87 % compared to October 2002.

For the month of November 2002, the sector decreases by 5.41 % compared to 31 December 2001 when the total net assets amounted to EUR 928.447 billion. Over the last twelve months, the volume of net assets decreased by 4.26 %.

During the month of November 2002, the net capital investment amounted to EUR 8.502 billion. Compared to 31 December 2001, the net capital investment reaches EUR 59.007 billion.

The number of undertakings for collective investment taken into consideration totals 1,955 as against 1,960 the previous month. A total of 1,203 UCIs have adopted the multiple compartment structure, which represents 7,042 compartments. When adding 752 UCIs with a traditional structure to the previous figure, 7,794 compartments are active in the financial centre. The decrease in the number of UCIs and units is due to the high number of mergers and closure of compartments during the month of reference.



## The CSSF draws its first conclusions from a contrasting year (communicated to the press on 19 December 2002)

*On the occasion of the traditional year-end celebration gathering the personnel of the CSSF, the Director General, Mr Jean-Nicolas SCHAUS drew the first conclusions from a contrasting year.*

*Although the CSSF, strengthened by the results of the assessment of the stability of Luxembourg's financial system carried out by the International Monetary Fund ("Luxembourg's financial sector is robust, efficient and well supervised"), can justifiably express its satisfaction with the way it performed its prudential supervisory tasks, the year 2002 has nevertheless been marked by a general slowdown of market activities, which has an impact on the results of the companies of the financial sector.*

*1°As in the previous years, the number of **banks** decreased and will reach 177 at January 1st, 2003. This drop is mainly due to mergers resulting from restructuring within the banking groups at international level, although some credit institutions closed down owing to insufficient business or profitability.*

*From a general point of view, the year 2002 will not be recorded as a good banking year. On the basis of intermediary results, the CSSF expects a slight decrease of commissions received, which seem however to stabilise together with a more favourable development of stock markets over the last weeks. The last quarter should reach a similar level as the previous quarters. Interest margin will shrink more substantially. The benefits of the recent cut of the key interest rate by the European Central Bank will only become noticeable in 2003.*

*In order to restore their profitability, the banks have begun to cut their general expenses, a process that bears fruit. For the time being, employment in the banking sector remains stable.*

*However, it has to be noted that this general downward trend holds very disparate developments within the sector. The banks specialised in private banking have been severely hit by the difficulties experienced by the sector of private asset management. On the other hand, banks with more diversified activities, such as cash management, loans and activities linked to investment funds, often show positive results. Finally, as in the previous years, final results of Luxembourg credit institutions will be substantially influenced both positively and negatively by exceptional elements, notably by increases and decreases in value of holdings.*

*2°The almost continuous drop of stock markets seriously affected total assets of **undertakings for collective investment**, which, for the first time, decline as compared to 2001. At the same time, the increase of the number of UCIs registered on the official lists (the 2000th UCI will soon be created), the new registrations and especially the amount of net capital investment, which exceeds EUR 50 billion in 2002, show that the Luxembourg investment funds' capacity to grow remained intact.*

*3° As regards the other professionals of the financial sector, the number of companies subject to the supervision of the CSSF remained stable, increasing from 145 to 146. The domiciliation agents of companies are the only category that increased significantly, with seven new domiciliation agents. Private portfolio managers and professionals acting for their own account have particularly suffered from the financial market situation, whereas the distributors of investment fund units/shares have known a more enviable situation.*

*As regards the CSSF from an internal point of view, the recruitment of 24 people that took place during the year with the aim of adjusting the number of staff to supplementary needs should be particularly stressed. The growing interdependence and complexity of the financial sector entail new requirements, such as the emergence of a more qualitative than quantitative supervision following the Basle Committee's revision of the regulation on own funds, the introduction over the next years of the new IAS accounting standards, the multilateral co-operation as regards consolidated supervision of big international financial groups as well as the attribution by law of new or broadened responsibilities to the CSSF. At this date, the CSSF employs 203 agents.*

*As regards the watchword for the year 2003, Mr SCHAUS indicated that the term "vigilance", stressing the necessity for a careful and faultless supervision, seemed particularly appropriate with respect to the attitude to be adopted by the CSSF agents in their daily supervisory activity as well as to the players in the financial sector currently confronted with a more exacting environment than ever.*

## **Regulation** regulation

### **Recent regulatory developments**

#### **Publication of the Law of 20 December 2002 relating to undertakings for collective investment**

The law of 20 December 2002 relating to undertakings for collective investment (UCIs) has been published in the Mémorial A n° 151 of 31 December 2002.

It translates into Luxembourg law, among others, the Directives 2001/107/EC and 2001/108/EC, both amending Directive 85/611/EEC of 20 December 1985 on the co-ordination of laws, regulations and administrative provisions relating to certain undertakings for collective investment in transferable securities (UCITS).

Compared with the law of 30 March 1988, the main modifications contained in the law of 20 December 2002 that do not result from the transposition of both Directives are the following:

- modification of the publication modes of the management regulations, published in the Mémorial mentioning their registration with the registry of the district court (article 13(1))

- publication in two newspapers instead of three as provided for by the Law of 30 March 1988 (articles 22(2), 24, 104(6) and 119)
- specification that, insofar as the issuer is a UCI or a legal entity having adopted a multiple compartment structure applying the principle of segregating the commitments of different sub-funds towards third parties, each sub-fund shall be considered as a separate issuer for the purpose of applying the rules of risk spreading (articles 46(1) and 49(3)).
- obligation of management companies to have their accounts audited by an external auditor having an appropriate professional experience (articles 80 and 92)
- specification that the CSSF is the relevant authority for receiving complaints lodged by unitholders and for interceding with the latter so as to settle these complaints amicably (article 97(3))
- specification that each sub-fund of an UCI umbrella fund can be liquidated separately without entailing the liquidation of another sub-fund. Only the liquidation of the last sub-fund of the UCI will lead to the liquidation of the whole UCI (article 133(6)).

### **CSSF Circular 02/82**

#### **Survey on Luxembourg credit institutions' exposure with regard to derivative credits**

In order to assess the importance of the derivative credit activity on Luxembourg's financial market and better monitor the risks inherent in these activities, which are not yet explicitly covered by law, the CSSF surveys the exposure of Luxembourg credit institutions with regard to these instruments. A table, available on the CSSF website, allows credit institutions to report all information on their exposure to these new techniques.

### **CSSF Circular 02/83**

#### **concerning the statistics on deposits and guaranteed instruments**

Within the scope of the CSSF's annual exercise to collect data on the basis of the mandate received by the AGDL, the Commission de Surveillance published the CSSF Circular 02/83 of 18 December 2002. The credit institutions and the investment firms, members of the AGDL, are invited to return the duly completed tables of the data relating to guaranteed deposits and instruments of their establishment to the CSSF by 31 March 2003.

## **CSSF Circular 02/85 concerning the breakdown of value corrections done by the credit institutions at 31 December 2002**

As in the past, the CSSF surveys value corrections done by the credit institutions as at 31 December to cover their doubtful claims and country-specific risks. The credit institutions are invited to use the electronic file, available on the CSSF website, to communicate their data to the CSSF.

## **CESR proposes a second set of implementing measures of the prospectus Directive**

On 19 December 2002, CESR (The Committee of European Securities Regulators) released an addendum (Ref. CESR /02-286) to the consultation paper (Ref. CESR/02-185b) on technical measures needed to implement the prospectus Directive. This document can be downloaded from the CESR website [www.europefesco.org](http://www.europefesco.org).

The addendum, which covers the disclosure requirements for the different categories of issuers, is part of the consultation process of all interested parties, who are invited to address their responses by e-mail to Mr Fabrice DEMARIGNY, Secretary General of CESR ([secretariat@europefesco.org](mailto:secretariat@europefesco.org)) by 6 February 2003. This deadline allows CESR to finalise its advice to be delivered to the European Commission. In order to allow interested parties to express their opinion, CESR will hold an open hearing on 24 January 2003 at its premises in Paris.

## LIST OF BANKS

### Withdrawals:

On 16 December 2002

**Banco di Sicilia International S.A.**

On 24 December 2002

**Fairbank**

### Change of name:

BHF-BANK International S.A. has become on 17 December 2002

**ING BHF-BANK International S.A.**

## LIST OF PROFESSIONALS OF THE FINANCIAL SECTOR (PFS)

### New establishments:

#### **EURO-VL LUXEMBOURG S.A.**

11A, boulevard Prince Henri, L-1724 Luxembourg

Distributor of investment fund units/shares authorised to accept and effect payments and domiciliation agent of companies

Ministerial authorisation of 16 December 2002

#### **GNI FUND MANAGEMENT LTD.**, London (United Kingdom),

Luxembourg branch

26, boulevard Royal, L-2449 Luxembourg

Activities started on 16 December 2002

### Withdrawal:

#### **HAGSTRÖMER & QVIBERG (LUXEMBOURG) S.A.**

Stopped activities on 16 December 2002

### Change of name and statute:

On 11 December 2002

FORTIS INVESTMENT FINANCE LUXEMBOURG S.A. has become

#### **FORTIS INVESTMENT MANAGEMENT LUXEMBOURG S.A.**

Widening of statute from distributor of investment fund units/shares authorised to accept and effect payments to **distributor of investment fund units/shares authorised to accept and effect payments and private portfolio manager**

### Change of address:

#### **FIGESTOR S.A.**

11, boulevard de la Foire, L-1528 Luxembourg

### Change of name:

LE FOYER, OTTAVIANI & ASSOCIES S.A. has become on 12 December 2002

#### **LE FOYER, PATRIMONIUM & ASSOCIES S.A.**

## LIST OF UNDERTAKINGS FOR COLLECTIVE INVESTMENT (UCI)

Registrations on and withdrawals from the official list of the Luxembourg undertakings for collective investment which fall under the law of 30 March 1988 and the official list of undertakings for collective investment which fall under the law of 19 July 1991, during the **month of November 2002**

### Registrations

- ALLIANZ DRESDNER PREMIER, 6A, route de Trèves, L-2633 Senningerberg
- CI FUND, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- CROWN PREMIUM PRIVATE EQUITY BUYOUT SICAV, 14, boulevard Royal, L-2449 Luxembourg
- DEKA-GLOBALGARANT 11/2007, 5, rue des Labours, L-1912 Luxembourg-Kirchberg
- DIT-EURO PROTEKT DYNAMIK II, 6A, route de Trèves, L-2633 Senningerberg
- DIT-EURO PROTEKT DYNAMIK, 6A, route de Trèves, L-2633 Senningerberg
- FAIRFIELD GREENWICH FUND (LUXEMBOURG), 28, avenue Monterey, L-2163 Luxembourg
- GLOBAL VALUE MANAGER UMBRELLA FUND, 1C, Parc d'activité Syrdall, L-5365 Munsbach
- JPMORGAN FLEMING PORTFOLIO STRATEGIES FUNDS, 6H, route de Trèves, L-2633 Senningerberg
- LRI-INDEXPONDS, 1C, Parc d'activité Syrdall, L-5365 Munsbach
- MATTERHORN FUND, 20, boulevard Emmanuel Servais, L-2535 Luxembourg
- ORBIS SICAV, 13, rue Goethe, L-1637 Luxembourg
- POOL X, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- TR-BOND-INVEST, 308, route d'Esch, L-1471 Luxembourg
- VECTOR FUND, 20, boulevard Emmanuel Servais, L-2535 Luxembourg

### Withdrawals

- AIG CONVEST 21, 69, route d'Esch, L-1470 Luxembourg
- ASIA BOND AND CURRENCY FUND, 112, route d'Arlon, L-1150 Luxembourg
- ASIA NETWORK GROWTH FUND, 308, route d'Esch, L-1471 Luxembourg
- BELUBOND FUND, 50, avenue J-F Kennedy, L-1855 Luxembourg-Kirchberg
- CEDAR FUND, 1B, Parc d'activité Syrdall, L-5365 Munsbach
- CS RENTEN STRATEGIE, 5, rue Jean Monnet, L-2180 Luxembourg-Kirchberg
- FORTIS AZIE FONDS BEST SELECTION, 50, avenue J-F Kennedy, L-1855 Luxembourg-Kirchberg
- INDEX-AKTIV UMBRELLA FONDS, 1C, Parc d'activité Syrdall, L-5365 Munsbach
- INTESA LUXEMBOURG FUND, SICAV, 19-21, boulevard du Prince Henri, L-1724 Luxembourg
- IRS1 FUND, 1A, rue Höhenhof, L-1736 Senningerberg
- J.A.M. GLOBAL STARS, 1C, Parc d'activité Syrdall, L-5365 Munsbach
- MAESTRO LUX, 50, avenue J-F Kennedy, L-1855 Luxembourg-Kirchberg
- PANELFUND, 50, avenue J-F Kennedy, L-1855 Luxembourg-Kirchberg
- PICTET COUNTRY FUND, 1, boulevard Royal, L-2449 Luxembourg
- PRIME MULTIBOND, 69, route d'Esch, L-1470 Luxembourg
- SAMBA LUXEMBOURG, 58, boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg
- SHORFUND, 50, avenue J-F Kennedy, L-1855 Luxembourg-Kirchberg
- UBS (LUX) HEISEI FUND, 291, route d'Arlon, L-1150 Luxembourg
- UNION TRUST FUND, 20, boulevard Emmanuel Servais, L-2535 Luxembourg
- WALLRICH & WOLF UNIVERSAL, 4, rue de l'Eau, L-1449 Luxembourg

# Financial centre

Main updated figures regarding the financial centre:

Number of banks: **178** (13 January 2003)

Balance sheet total: **EUR 667.662 billion** (30 November 2002)

Profit before reserves: **EUR 3.159 billion** (30 September 2002)

Employment: **23,592 people** (30 September 2002)

Number of UCIs: **1,948** (13 January 2003)

Total net assets: **EUR 878.228** (30 November 2002)

Number of pension funds: **5** (13 January 2003)

Number of PFS: **145** (13 January 2003)

Employment: **4,377 people** (30 September 2002)

Total employment in the supervised establishments: **28,030 people** (31 March 2002)

Total employment in the supervised establishments: **28,006 people** (30 June 2002)

Total employment in the supervised establishments: **27,969 people** (30 September 2002)

## CSSF Newsletter

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