

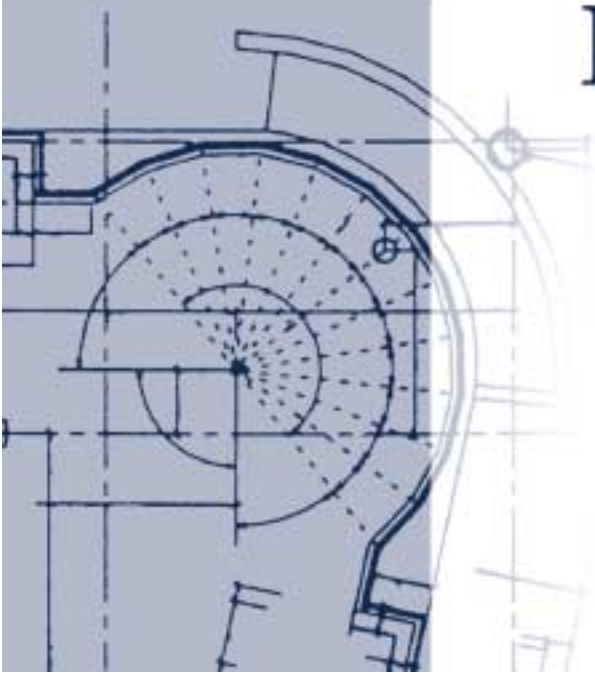
N° 11

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CSSF NEWSLETTER

COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER



Banks

Banks' balance sheet total reports a slight increase for the month of October 2001

The balance sheet total for the banks established in Luxembourg reached EUR 697.38 billion (LUF 28,132 billion) as at 31 October 2001 compared to EUR 690.44 billion (LUF 27,852 billion) as at 30 September 2001, which is an increase of 1%.

As at 30 November 2001, the number of credit institutions registered on the official list of banks added up to 194, which is 2 banks less when compared to the previous month, following the withdrawal of Fortis Bank Luxembourg S.A. as a result of its take-over by the Banque Générale du Luxembourg S.A. and the withdrawal of the GZ-Bank International S.A. following its merger with the DG Bank Luxembourg S.A..

Professionals of the financial sector (PFS)

Balance sheet total of EUR 2.095 billion on the increase by 0.92%

According to the data provided at 31 October 2001, the balance sheet total of all the professionals of the financial sector (143 businesses active in total) adds up to EUR 2.095 billion compared to EUR 2.076 billion the previous month, which is a slight increase of 0.92%.

The net profit of the PFS reached EUR 270 million.

Distribution of the professionals of the financial sector according to their status

(as at 30 November 2001)

Category		Number
Commission agents	COM	14
Financial advisors	COF	9
Brokers	COU	6
Professional custodians of securities or other financial instruments	DEP	4
Distributors of units of investment funds	DIST	43
Domiciliation agents of companies	DOM	32
Private portfolio managers	GF	54
Underwriters	PF	4
Professionals acting for their own account	PIPC	17
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
TOTAL *		146

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

Undertakings for collective investment

Increase in the total net assets as at 31 October 2001 (communicated to the press on 30 November 2001)

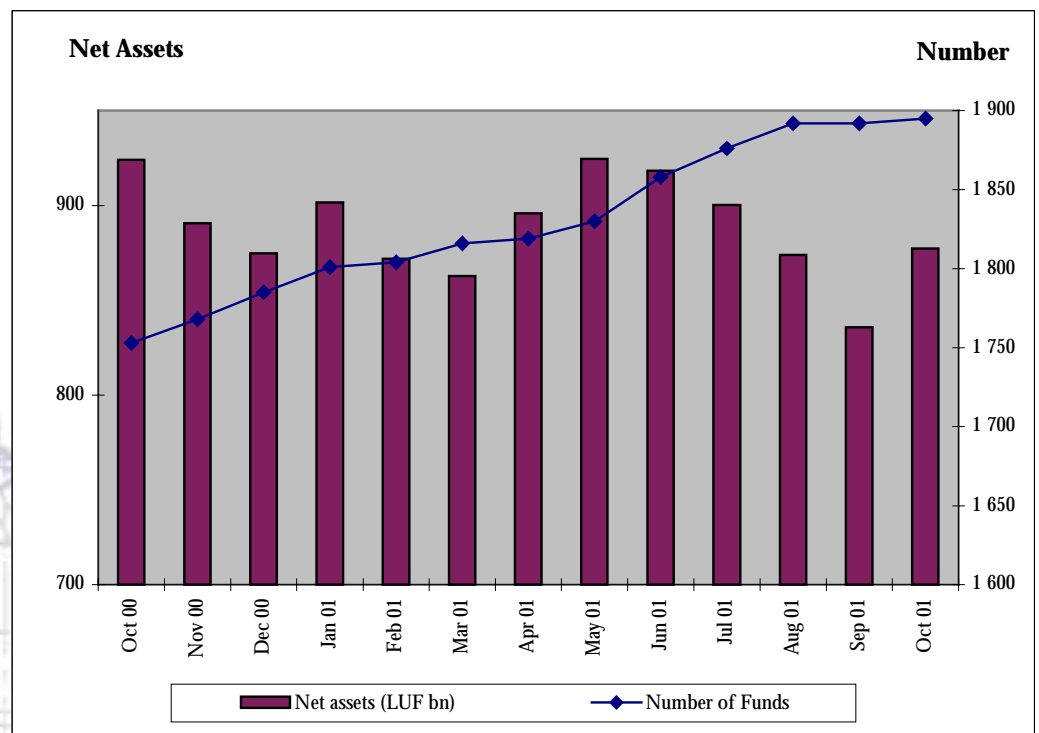
The total net assets for undertakings for collective investment amounted to EUR 877.245 billion (LUF 35,388.0 billion) as at 31 October 2001 compared to EUR 835.574 billion (LUF 33,709.0 billion) as at 30 September 2001. As a result, the Luxembourg undertakings for collective investment sector has increased by 4.99% compared to the month of September 2001.

These figures take into account an adjustment affecting the total net assets of the undertakings for collective investment at the end of September 2001. In fact, an intermediary had to put through a material adjustment as a result of which the net issues of September 2001 have increased to EUR 6.289 billion (LUF 253.7 billion), instead of an announced disinvestment of EUR 3.1 billion (LUF 126.4 billion).

For the month of October 2001, the sector increased by 0.30% compared to 31 December 2000, when the total net assets amounted to EUR 874.586 billion (LUF 35,280.7 billion). Over the period of the last twelve months, the volume of net assets has decreased by 5.07%.

During the month of October 2001, the net capital investment, which is defined as the total of the net issues reduced by the net adjusted repurchases taking into account the UCIs that entered into liquidation, amounted to EUR 14.373 billion (LUF 579.8 billion).

The number of undertakings for collective investment taken into consideration totals 1,895 compared to 1,892 for the previous month. 1,129 UCIs have adopted the multiple compartment structure, which represents a total of 6,701 compartments. When adding 766 UCIs with a traditional structure to the previous figure, a total of 7,467 compartments are active in the financial centre.



Recent regulatory developments

CSSF Circulars 01/39 and 01/41 concerning the identification and the declaration of business relationships with terrorist circles

During the month of November, the CSSF published two additional circulars concerning the identification and declaration of business relationships with terrorist circles. Like the previous circulars relating to the above, the CSSF circulars 01/39 of 8 November 2001 and 01/41 of 19 November 2001 update the list of people and entities to which the freezing of funds and other financial resources decided against the Taliban of Afghanistan apply.

CSSF Circular 01/40 concerning the details that must be provided on the extent of the professional obligations foreseen in part II of the law of 5 April 1993 on the financial sector as amended and the IML Circular 94/112 concerning the fight against money laundering and the prevention of the use of the financial sector for money laundering activities

The CSSF Circular 01/40 of 14 November 2001 gives details on the extent of the professional obligations incumbent upon the banks and the other professionals of the financial sector regarding the fight against money laundering.

Firstly the text outlines that the declaration obligation is aimed in particular at the situation where the financial professional has a contact with a person or a company without having set up a business relationship or having effected a transaction. However, there is no declaration to be filed when the decision not to establish a business relationship or not to effect a transaction has been taken and when the financial professional is not aware of any fact relating to a money laundering incident.

Furthermore, the professional of the financial sector must henceforth expressly inquire from his clients (e.g. lawyers or notaries), whose normal professional activity involves the conservation of funds from third parties with a financial professional, if they act on their own account or on behalf of third parties; he must appreciate the plausibility of the response received. The professional is therefore not allowed to presume that the clients concerned act on their own account.

Secondly, the CSSF has considered it necessary to clarify the co-operation obligation with the Luxembourg authorities responsible for the fight against money laundering. The financial professionals are reminded that when they receive a request for information, they must co-operate fully with the prosecutor and abstain from systematically invoking their professional secrecy.

Finally, the circular outlines that the financial professionals, in order to enable the CSSF to exercise its prudential supervisory mission, must simultaneously transmit the same information to the CSSF as the one communicated to the Prosecutor in the field of their co-operation obligation in relation to money laundering.

CSSF Circular 01/42 concerning mortgage banks outlining valuation rules for real estate

The CSSF circular 01/42 of 19 November 2001, which is addressed to mortgage banks only outlines the valuation rules for real estate. In fact, article 12-1(1) of the law of 5 April 1993 as amended allows mortgage banks to grant loans which are guaranteed by real property rights and by real estate securities and to issue mortgage-backed securities on this basis. The debt resulting from guarantee-backed loans foreseen by article 12-1(1) can only be covered up to 60% of the *estimated realisation value* of the real estate used as a guarantee. The rules defined in the circular set the **basic principles** in terms of the determination of the estimated realisation value of a real estate. In addition, each bank must fix internal *detailed valuation rules* required to cover these basic principles and these detailed valuation rules must be approved by the Commission de surveillance du secteur financier.

CSSF Circular 01/43 concerning the measures enacted against the UNITA (União Nacional para a Independência Total de Angola)

The CSSF circular 01/43 draws the attention of the professionals of the financial sector to the direct applicability in Luxembourg of the (CE) regulation no. 2231/2001 of the Commission of 16 November 2001 modifying, for the second time, the (CE) regulation no. 1705/98 of the Council concerning the interruption of certain economic relations with Angola in order to prompt the União Nacional para a Independência Total de Angola (UNITA) to fulfil its obligations in the peace process, and abolishing the (CE) regulation no. 2229/97. The (CE) regulation no. 1705/98 of the Council as amended prescribes the freezing of capital and of financial resources held outside Angola and belonging either to the UNITA, or to the leaders of this organisation, or even to adult members of their close family.

Circular letter of 30 November 2001 concerning the survey of participants with payment and securities settlement systems

The CSSF is in the process of surveying the participants with payment and securities settlement systems based on a questionnaire annexed to the circular letter of 30 November 2001.

Law of 9 November 2001 modifying the law of 23 December 1998 regarding the creation of a 'commission de surveillance du secteur financier'

The new text adapts the CSSF's organic law of 23 December 1998 by, on the one hand, adding a few changes with regard to the status of its staff as well as its organisation in terms of human resources. The latter is adapted to the needs of the CSSF as a public establishment with a very specific purpose, by giving the CSSF the possibility to organise the recruitment and the training period of its agents itself. On the other hand, the organic law of 23 December 1998 is amended to take account of the extension of the CSSF's supervisory mission to several activities of the financial sector, namely the pension fund activity in the form of a sepcav or an assep, the domiciliation agents of companies, payment operators or securities settlement systems, as well as all the financial services provided by the 'entreprise des postes et télécommunications'. The law also outlines that the CSSF is the relevant authority for the supervision of the financial markets and the supervision of payment and securities settlement systems approved by the government.

Official lists

LIST OF BANKS

Withdrawals :

Fortis Bank Luxembourg S.A., on 27 November 2001

GZ-Bank International S.A., on 22 November 2001

Change of name :

Chase Manhattan Bank Luxembourg S.A. has become
J.P. Morgan Bank Luxembourg S.A. on 10 November 2001

DG Bank Luxembourg S.A. has become
DZ Bank International S.A. on 22 November 2001

Change of address :

Banca Popolare Commercio e Industria International S.A.
13, rue Beaumont, L-1219 LUXEMBOURG
Postal address : B.P. 170, L-2011 LUXEMBOURG

Dresdner Bank Luxembourg SA
Postal address : B.P. 355, L-2097 LUXEMBOURG

LIST OF THE PROFESSIONALS OF THE FINANCIAL SECTOR (PFS)

New establishments :

A.M. MERCURIA S.A.
38-40, rue Sainte Zithe, L-2763 Luxembourg
Domiciliation agent of companies
Ministerial authorisation of 5 November 2001

STRATEGO TRUST S.A.
167, route de Longwy, L-1941 Luxembourg
Domiciliation agent of companies
Ministerial authorisation of 5 November 2001

ENTREPRISE DES POSTES ET TELECOMMUNICATIONS

8A, avenue Monterey, L-2163 Luxembourg
Establishment exercising all the activities as professional of the financial sector permitted by article 28 of the law of 15 December 2000 on postal services and financial postal services
Ministerial authorisation of 5 November 2001

Official lists

Change of name :

CREDIT LYONNAIS INTERNATIONAL FUND SERVICES S.A.

has become

CREDIT LYONNAIS ASSET MANAGEMENT (LUXEMBOURG) S.A. on 26 November 2001

HOTTINGER, NAGELMACKERS & ASSOCIES

has become **HOTTINGER & CIE** on 23 October 2001

LISSA-LUXEMBOURG INFORMATION SYSTEMS S.A.

has become **LISSA-LUXEMBOURG INVESTMENT STRATEGIES S.A.** on 7 November 2001

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 October** 2001:

Registrations

- AM GENERALI FONDSSTRATEGIE, 4, rue Alphonse Weicker, L-2721 Luxembourg-Kirchberg
- APO WORLD INVEST PLUS 2006, 1a-1b, rue Thomas Edison, L-1445 Luxembourg-Strassen
- AQC² TOTAL RETURN, 308, route d'Esch, L-1471 Luxembourg
- AQUARIUS FUND SICAV, 291, route d'Arlon, L-1150 Luxembourg
- BAILLIE GIFFORD WORLD MARKETS FUND, 47, boulevard Royal, L-2449 Luxembourg
- BERENBERG EURO STRATEGIE AKTIEN FONDS II, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- DA VINCI MED, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- DALMATIAN FUND, 287-289, route d'Arlon, L-1150 Luxembourg
- DIT-EURO LAUFZEITFONDS 2004, 6A, route de Trèves, L-2633 Senningerberg
- FT EUROCORPORATES, 283, route d'Arlon, L-1150 Luxembourg
- GENOKONZEPT, 21, avenue de la Liberté, L-1931 Luxembourg
- HORNBLOWER GARANT, 6B, route de Trèves, L-2633 Senningerberg
- IFM AKTIENFONDSSELECT, 6C, route de Trèves, L-2633 Senningerberg
- IMI GLOBAL SICAV, 8, avenue de la Liberté, L-1930 Luxembourg
- INTERNATIONAL FUND MIX., 6C, route de Trèves, L-2633 Senningerberg
- ISLANDSBANKI MUTUAL FUND, 39, allée Scheffer, L-2520 Luxembourg
- MULTI OPPORTUNITIES II, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- THREADNEEDLE AKTIEN STRATEGIE MEGATRENDS, 5, rue Plaetis, L-2338 Luxembourg
- UNICO BOND -> EURO, 308, route d'Esch, L-1471 Luxembourg
- UNICO CONCLUSIO -> EUROPEAN EQUITIES, 308, route d'Esch, L-1471 Luxembourg
- UNICO CONCLUSIO -> GLOBAL EQUITIES, 308, route d'Esch, L-1471 Luxembourg
- UNICO WORLD OF -> COMMUNICATIONS, 308, route d'Esch, L-1471 Luxembourg
- UNION TRUST FUND, 20, boulevard Emmanuel Servais, L-2535 Luxembourg

Withdrawals

- ACTIVEST LUX EUROTOP GARANTIE 10/2001, 4, rue Alphonse Weicker, L-2721 Luxembourg-Kirchberg
- AETRADIRECT FUNDS, 39, allée Scheffer, L-2520 Luxembourg
- AMF UNION, 308, route d'Esch, L-1471 Luxembourg
- ARGENTINIAN INVESTMENT COMPANY, 33, boulevard du Prince Henri, L-1724 Luxembourg
- BP LUX FUND, 8, boulevard Royal, L-2449 Luxembourg
- CDC ATLANTE RESERVE, 4, rue Alphonse Weicker, L-2721 Luxembourg-Kirchberg
- COLOMBIAN INVESTMENT COMPANY, 33, boulevard du Prince Henri, L-1724 Luxembourg
- EMMA DEBT FUND, 11-13, avenue Emile Reuter, L-2420 Luxembourg
- FL TRUST ASIA, 26, avenue Monterey, L-2163 Luxembourg
- IBJ GLOBAL INVESTMENT FUND, 1B, Parc d'activité Syrdall, L-5365 Munsbach
- LV 1871 SELECT, 4, rue Alphonse Weicker, L-2721 Luxembourg-Kirchberg
- LYXOR WINNER FUND, 11-13, avenue Emile Reuter, L-2420 Luxembourg
- PARIBAS NEUTRAL, 5, rue Jean Monnet, L-2180 Luxembourg-Kirchberg
- PERUVIAN INVESTMENT COMPANY, 33, boulevard du Prince Henri, L-1724 Luxembourg
- PROLOGIS EUROPEAN PROPERTIES S.A R.L., 25b, boulevard Royal, L-2449 Luxembourg
- THE BARING WORLD OPPORTUNITY FUND, 13, rue Goethe, L-1637 Luxembourg
- THE YIELD SPREAD MANAGEMENT FUND, 69, route d'Esch, L-1470 Luxembourg
- UBS LIFE VISION FUND, 291, route d'Arlon, L-1150 Luxembourg
- UNICO BOND -> INTERNATIONAL, 308, route d'Esch, L-1471 Luxembourg
- WINNER FUND, 69, route d'Esch, L-1470 Luxembourg

Financial centre

The main up-dated figures regarding the financial centre:

Number of banks: **194** (30 November 2001)

Balance sheet total: **EUR 697.38 billion** (31 October 2001)

Net profit: **EUR 2.338 billion** (30 September 2001)

Employment: **23 814 people** (30 September 2001)

Number of UCIs: **1 914** (30 November 2001)

Total net assets: **EUR 877.245 billion** (31 October 2001)

Number of PFS: **146** (30 November 2001)

Balance sheet total: **EUR 2.095 billion** (31 October 2001)

Net profit: **EUR 270 million** (31 October 2001)

Employment: **4 071 people** (30 September 2001)

Total employment in the supervised establishments: **27 885 people** (30 September 2001)

CSSF Newsletter

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