

CSSF NEWSLETTER

Commission de surveillance du secteur financier- Monthly information letter

Statistics

Undertakings for collective investment

Slight decrease in the UCIs' total net assets at the end of June 2001

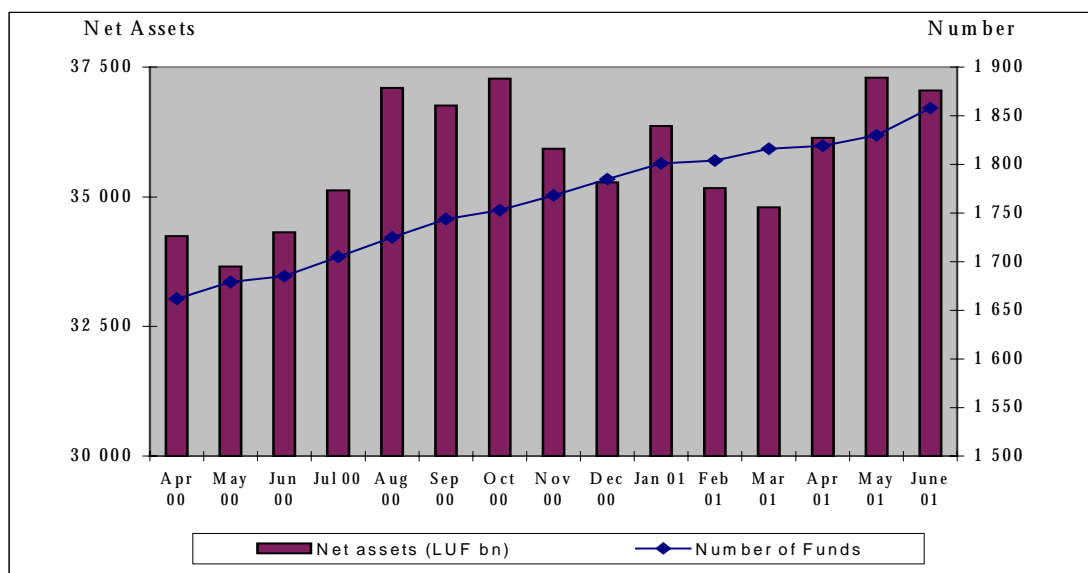
The total net assets for undertakings for collective investment amounted to EUR 918.4 billion (LUF 37,049 billion) as at 30 June 2001 compared to EUR 924.5 billion (LUF 37,295 billion) as at 31 May 2001. As a result the Luxembourg undertakings for collective investment sector has decreased slightly by 0.66% compared to the month of May 2001.

The sector is witnessing an increase of 5.01% compared to 31 December 2000, where the total net assets amounted to EUR 874.6 billion (LUF 35,280.7 billion). Over the period of the last twelve months, the volume of net assets has increased by 7.95%.

During the month of June 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 9.8

billion (LUF 396 billion). The number of undertakings for collective investment taken into consideration totals 1,858 compared to 1,830 for the previous month. 1,085 UCIs have adopted the multiple compartment structure, which represents a total of 6,539 compartments. When adding 773 UCIs with a traditional structure to the previous figure, a total of 7,312 compartments are active in the financial centre.

Regarding the origin of promoters, it should be noted that American promoters have exceeded the German ones for the first time at the end of May, with the United States now in second position after Switzerland. As for Switzerland, it remains the predominant country in terms of the origin of the 20 largest important funds established in Luxembourg.



Credit Institutions

Banks' balance sheet total reports a 3.6% increase for the month

The balance sheet total for the banks established in Luxembourg reached EUR 699.29 billion (LUF 28,209 billion) as at 30 June 2001 compared to 674.93 billion (LUF 27,227 billion) as at 31 May 2001, which is a rather significant increase of 3.6% for the month.

As at 1 August 2001, the number of credit institutions registered on the official list of banks added up to 197,

which is the same figure as for the previous month.

The number of people employed by Luxembourg credit institutions grew from 23,555 as at 31 March 2001 to 23,724 as at 30 June 2001. Compared to last year, this makes a progression of 1,667 people or 7.6%.

Profit and loss accounts for the first six months

***Despite more difficult economic conditions, the banks' profits for the first six months of 2001 remain at the same level as last year
(communicated to the press on 25 July 2001)***

As at 30 June 2001, the profit and loss accounts of the Luxembourg credit institutions revealed a gross profit before provisions of EUR 2.474 billion. Compared to the same period last year, when the profits amounted to EUR 2.299 billion, the registered increase is 7.6%. Apart from other issues referred to below, the profits for

2001 on the whole reach the same level as in the year 2000. This development is all the more remarkable as it occurs in a more difficult context, marked simultaneously by a general slump in the financial markets and an economic slowdown.

Profit and loss accounts for the first six months¹

Figures in million EUR	2000	2001	%
Interest margin ²	1 794	2 164	20.6%
Commissions earned	1 521	1 402	-7.8%
Other net income	522	673	28.9%
Banking product	3 838	4 239	10.5%
Staff costs	746	843	13.0%
Other operating expenses	793	923	16.3%
Profit before provisions	2 299	2 474	7.6%

Several explanations have to be put forward to ensure a correct interpretation of the figures presented. Although the banks' profit and loss accounts still registered a decrease of 13% as at the first quarter 2001 compared to the previous

year, the figures for the first six months indicate at first sight an increase in profits for the banks in the financial centre.

¹ Census effected on a sample representing 96.3% of the global net profit of the financial centre

² Including dividends received from subsidiaries

Some non-recurring operations, linked to the sale of shareholdings, have enabled some of the larger banks to realise substantial profits, which have been booked under the "other net income". The other noticeable increase in the "interest margin" which rises from EUR 1.794 billion to EUR 2.164 billion (which is over 20%) stems on the one hand from the cashing in of dividends by the Luxembourg banks from their foreign subsidiaries, reflecting their recent international expansion. On the other hand, the lending activity remains at a high development level and thereby has a positive influence on the interest margin.

The figure "commissions earned" indicates a fall of close to 8% to EUR 1.402 billion. The main

reason for this is the brutal collapse in the financial markets. The fall would have been more significant, had it not been partially compensated by the high level of activity in the investment funds.

As for administration, staff and operating costs, they have increased significantly, linked to the recruitment of personnel and the investment in computer systems.

In general, it is the sustained volume of activities, as emphasised by the increase in the balance sheets, which allowed the financial centre's banks to maintain very satisfactory results despite the economic situation.

Professionals of the financial sector (PFS)

**Balance sheet total of EUR 2 billion on the increase by 1.2%
Net result growing by 67%**

According to the data provided as at 30 June 2001, the balance sheet total of all the professionals of the financial sector (133 businesses active in total) adds up to EUR 2.000 billion compared to EUR 1.976 billion the previous month, which is an increase of 1.2% (+33% on an annual basis).

The net result of the PFS reached EUR 218 million, being a distinct increase of 67% compared to the same period last year, when the net result totalled EUR 134 million and the balance sheet total amounted to EUR 1.508 billion.

Distribution of the professionals of the financial sector according to their status (as at 1 August 2001)

Category	Number
Commission agents	12
Financial advisors	10
Brokers	6
Professional custodians of securities or other financial instruments	4
Distributors of units of investment funds	43
Domiciliation agents of companies	28
Private portfolio managers	51
Underwriters	4
Professionals acting for their own account	16
Market makers	2
TOTAL *	138

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

New Basle Accord: latest developments

I. Update on the New Accord

The Basle Committee has received over 250 comments on the January 2001 consultative document which have been analysed in depth. Further to these comments, the following five proposals of principle have been published in the press release dated 25 June 2001 (<http://www.bis.org/press/p010625.htm>)

- (1) The three pillar approach as well as the objective of a stronger sensitivity to risk have been maintained.
- (2) The required capitalisation level in the new standard approach, for a given representative bank, remains unchanged compared to the current regime. A slight reduction in requirements is foreseen in the case of moving from the standard approach to the Internal Ratings Based (“IRB foundation”) approach, which will probably necessitate a

II. Publication of a working document on the treatment of expected losses and future margin income in the Internal Ratings Based approach.

In order to inform the financial sector on the work in progress and to encourage dialogue between the parties concerned, the Basle Committee has published a document entitled « Working Paper on the IRB Treatment of Expected Losses and Future Margin Income » on 30 July 2001 (http://www.bis.org/publ/bcbs_wp5.pdf)

This document which has been written by the Joint “Accounting Task Force”

certain number of further adjustments.

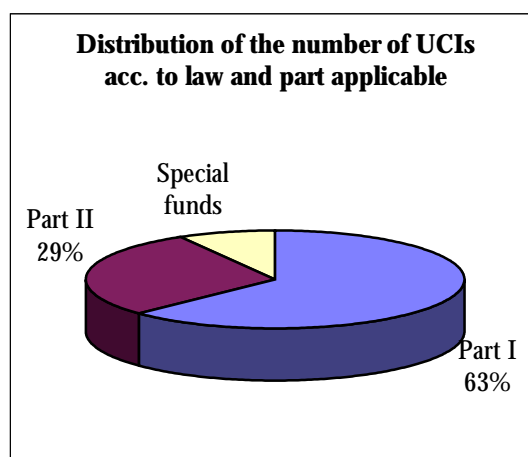
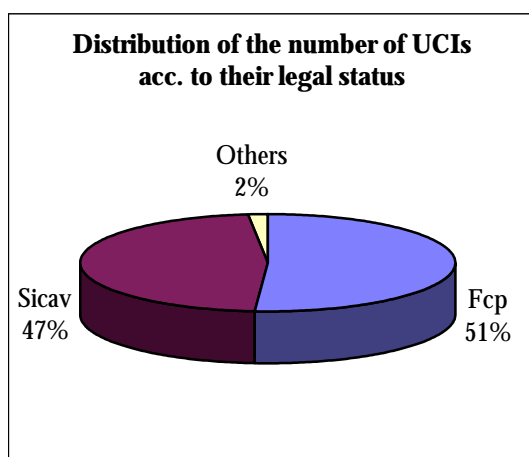
- (3) The relative importance of 20% of the requirements, originally proposed to cover the operational risk, is considered to be too high.
- (4) A more appropriate treatment to the one proposed in the consultative document of January 2001 is foreseen for small and medium-sized firms, probably leading to a reduction in the requirements for these debtors.
- (5) Taking account of the numerous comments received, the deadline in the finalisation as well as the implementation of the new Accord have been postponed for one year. A third consultative document will be published in the first quarter of 2002 in order to finalise the Accord for the year 2002. The implementation date is therefore fixed at 2005.

and the “Models Task Force” working group covers the treatment of expected losses and future margin income in the Internal Ratings Based approach.

It takes a position, following negative comments released on the subject of the Committee’s decision to calibrate the requirements on own funds, not only on unexpected losses, but also on expected losses. As a result, the document proposes a pragmatic approach in which the specific and general provisions, as well as the future revenues from the margin income for the detailed portfolio can be totally or partially used to cover expected losses.

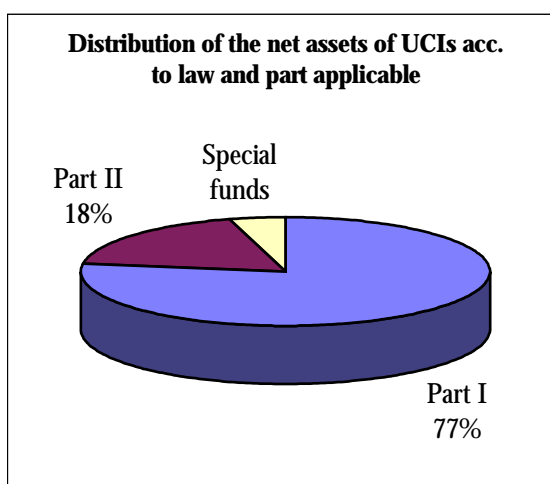
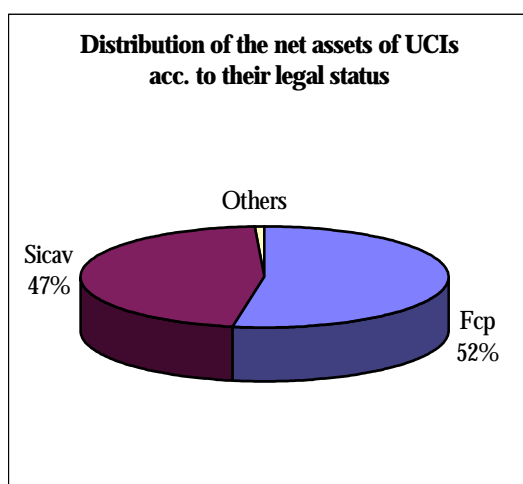
Quarterly statistics on the undertakings for collective investment industry (situation as at 30 June 2001)

Every three months, in addition to the monthly statistics, the CSSF newsletter will provide more detailed information on the investment fund sector, in particular regarding the origin of the promoters and the investment policy of the UCIs.



Number of UCIs

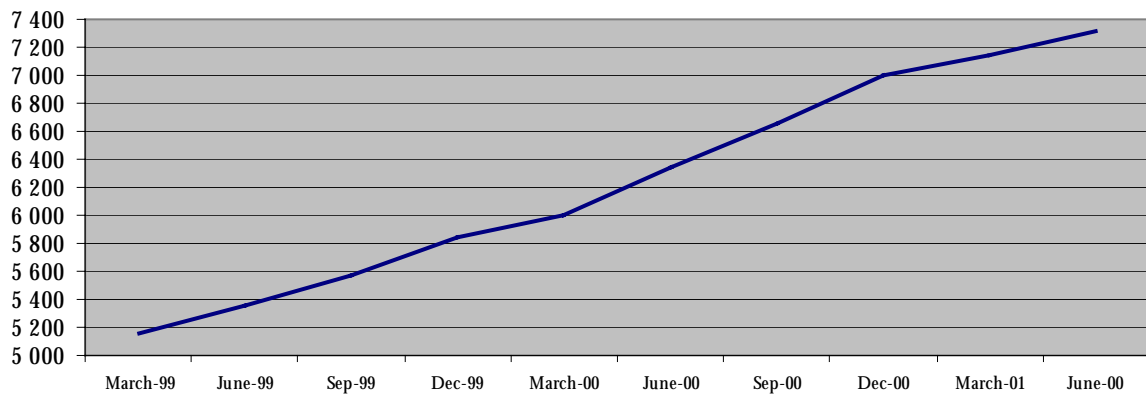
	Fcp	Sicav	Autres	Total
Part I	606	548	8	1 162
Part II	252	272	20	544
Special funds	96	54	2	152
Total	954	874	30	1 858



Net assets of the UCIs (in bn EUR)

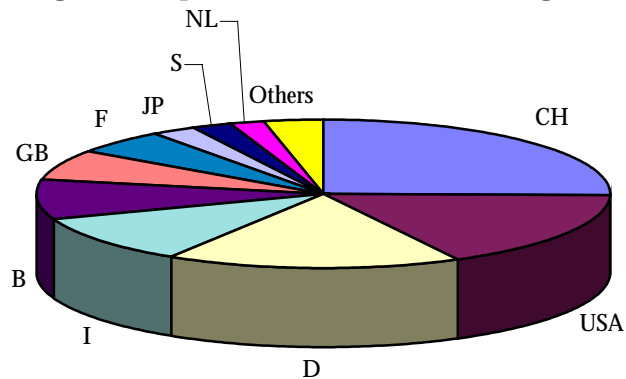
	Fcp	Sicav	Others	Total
Part I	330.499	374.091	2.221	706.811
Part II	121.096	43.573	5.379	170.048
Special funds	28.758	12.574	0.235	41.567
Total	480.353	430.238	7.835	918.426

Development of number of funds and active sub-funds



	March-99	June-99	Sep-99	Dec-99	March-00	June-00	Sep-00	Dec-00	March-01	June-00
Number of active funds and sub-funds	5 158	5 351	5 570	5 836	6 004	6 338	6 654	6 995	7 147	7 312

Origin of the promoters of the Luxembourg UCIs



Origin of the promoters of the Luxembourg UCIs

	Net assets	in %
Switzerland	232.5	25.3%
United States	155.6	16.9%
Germany	152.5	16.6%
Italy	97.0	10.6%
Belgium	79.4	8.7%
United Kingdom	60.0	6.5%
France	49.4	5.4%
Japan	23.3	2.5%
Sweden	19.0	2.1%
Netherlands	18.3	2.0%
Others	31.4	3.4%
Total	918.4	100.0%

Investment policy of the UCIs (in bn EUR)

Fixed-income transferable securities	324.3
Variable yield transferable securities	370.2
Mixed transferable securities	73.7
High risk capital	0.6
Unlisted transferable securities	2.7
Leveraged funds	2.4
Other open-ended UCIs	58.9
Money market instruments and liquid assets	73.6
Cash	7.4
Real estate	3.4
Futures and/or options	1.2
Other securities	0.0
Total	918.4

Official lists

LIST OF BANKS

List of credit institutions having registered on or withdrawn from the

official list of credit institutions during the month of July 2001:

No change

LIST OF THE PROFESSIONALS OF THE FINANCIAL SECTOR (PFS)

New establishments :

A.L.T. Management S.A.

Domiciliation agent of companies
ministerial authorisation of 12 July 2001

International Financial Data Services (Luxembourg) S.A.

Distributor of units of investment funds
ministerial authorisation of 25 July 2001

ACM Global Investor Services S.A.

Domiciliation agent of companies
ministerial authorisation of 27 July 2001

F.G.P. (Luxembourg) S.A.

Financial advisor
ministerial authorisation of 27 July 2001

Alternative Leaders S.A.

Private portfolio managers; financial advisor;
broker; commission agent
ministerial authorisation of 30 July 2001

Withdrawal :

Compagnie Internationale des Rentes S.A.

251, route d'Arlon
L-1150 Luxembourg
Date: 29 June 2001
Status: commission agent
Merger with **Carl Kliem** company

Extension of status

Liberty Ermitage Luxembourg S.A. status as distributor of units of investment funds extended to **commission agent**

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 June 2001:**

Registrations:

ACM INSTITUTIONAL SERIES, 35, boulevard du Prince Henri, L-1724 Luxembourg
BBL PROTECTED, 52, route d'Esch, L-1470 Luxembourg
BEESON GREGORY INVESTMENT MANAGEMENT SICAV, 69, route d'Esch, L-1470 Luxembourg
BSI - NEW BIOMEDICAL FRONTIER (SICAV), 11, rue Aldringen, L-1118 Luxembourg
CREDIT SUISSE FUND OF FUNDS (LUX), 5, rue Jean Monnet, L-2180 Luxembourg-Kirchberg

DEKA-PRIVATEEQUITY, 6C, route de Trèves, L-2633 Senningerberg
DELTA LLOYD TOP, 34, avenue de la Liberté, L-1930 Luxembourg
DIT-PRIVATRENTE 1942-1951, 6A, route de Trèves, L-2633 Senningerberg
DIT-PRIVATRENTE 1952-1956, 6A, route de Trèves, L-2633 Senningerberg
DIT-PRIVATRENTE 1957-1966, 6A, route de Trèves, L-2633 Senningerberg
DIT-PRIVATRENTE 1967-1976, 6A, route de Trèves, L-2633 Senningerberg
DIT-PRIVATRENTE 1977-1996, 6A, route de Trèves, L-2633 Senningerberg

DYNAMIC FUNDS, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
 EUROMOBILIARE INTERNATIONAL FUND, 10-12, avenue Pasteur, L-2310 Luxembourg
 EUROPEAN STOCK FUND, 287-289, route d'Arlon, L-1150 Luxembourg
 FT TECLEADERS, 283, route d'Arlon, L-1150 Luxembourg
 GOLDMAN SACHS INVESTMENT FUNDS, 47, boulevard Royal, L-2449 Luxembourg
 H & A LUX RAPTOR II, 21, avenue de la Liberté, L-1931 Luxembourg
 INVESCO CE FUND, 39, allée Scheffer, L-2520 Luxembourg
 INVESTIS, 20, boulevard Emmanuel Servais, L-2535 Luxembourg
 JULIUS BAER MULTIPLUS, 69, route d'Esch, L-1470 Luxembourg
 JULIUS BAER MULTITRADING, 39, allée Scheffer, L-2520 Luxembourg
 MAN-GLENWOOD ABSOLUTE RETURN STRATEGIES, 19-21, route d'Arlon, L-8009 Strassen
 MELIOR SICAV, 20, boulevard Emmanuel Servais, L-2535 Luxembourg
 NOVENERGIA 2010, 1A, rue Höhenhof, L-1736 Senningerberg
 OAK INVEST, 14, boulevard Royal, L-2449 Luxembourg
 OPTIMUS II, 6A, Circuit de la Foire Internationale, L-1347 Luxembourg-Kirchberg
 PLANEX, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
 SGAM ALTERNATIVE TECHNOLOGY FUND, 11-13, avenue Emile Reuter, L-2420 Luxembourg

SINOPIA ALTERNATIVE FUNDS, 11, rue Aldringen, L-1118 Luxembourg
 T. ROWE PRICE FUNDS SICAV, 5, rue Plaetis, L-2338 Luxembourg
 TERCAS SICAV LUX, 20, boulevard Emmanuel Servais, L-2535 Luxembourg
 THETA GLOBAL FUND UNIVERSAL, 4, rue de l'Eau, L-1449 Luxembourg
 UNICO PFADFINDER, 308, route d'Esch, L-1471 Luxembourg
 UNIGARANT: EURO STOXX 50 (2006), 308, route d'Esch, L-1471 Luxembourg
 WORLDSELECT, 4, rue Jean Monnet, L-2180 Luxembourg-Kirchberg

Withdrawals

ACTIVEST LUX EMERGING MARKETS GARANTIE 06/2001, 4, rue Alphonse Weicker, L-2721 Luxembourg-Kirchberg
 BANQUE BELGE ASSET MANAGEMENT FUND, 14, rue Aldringen, L-1118 Luxembourg
 CHASE MANHATTAN VISTA FUNDS, 5, rue Plaetis, L-2338 Luxembourg
 ITALIA DISCOVERY, 20, boulevard Emmanuel Servais, L-2535 Luxembourg
 LLOYDS AMERICAS ASSET MANAGEMENT SICAV, 1, rue Schiller, L-2519 Luxembourg
 NORD/LB INVESTMENTFONDS, 69, route d'Esch, L-1470 Luxembourg
 PRIBOND FUND, 20, boulevard Emmanuel Servais, L-2535 Luxembourg
 PRIEQUITY FUND, 20, boulevard Emmanuel Servais, L-2535 Luxembourg

Financial centre

The main up-dated figures regarding the financial centre:

Number of banks: **197** (31 July 2001)

Balance sheet total: **EUR 699.29 billion** (31 June 2001)

Net profit: **EUR 2.524 billion** (30 June 2001)

Employment: **23,724 people** (30 June 2001)

Number of UCIs: **1,858** (30 June 2001)

Total net assets: **EUR 918.4 billion** (30 June 2001)

Number of PFS: **138** (31 July 2001)

Balance sheet total: **EUR 2.0 billion** (30 June 2001)

Employment: **3,901 people** (30 June 2001)

Total employment in the supervised establishments: **27,625 people** (30 June 2001)

CSSF Newsletter

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110, route d'Arlon

L-2991 LUXEMBOURG

Tél. : (+352) 26 251 301 / 237

E-mail : direction@cssf.lu

Website : www.cssf.lu