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# CSSF NEWSLETTER

COMMISSION de SURVEILLANCE  
du SECTEUR FINANCIER

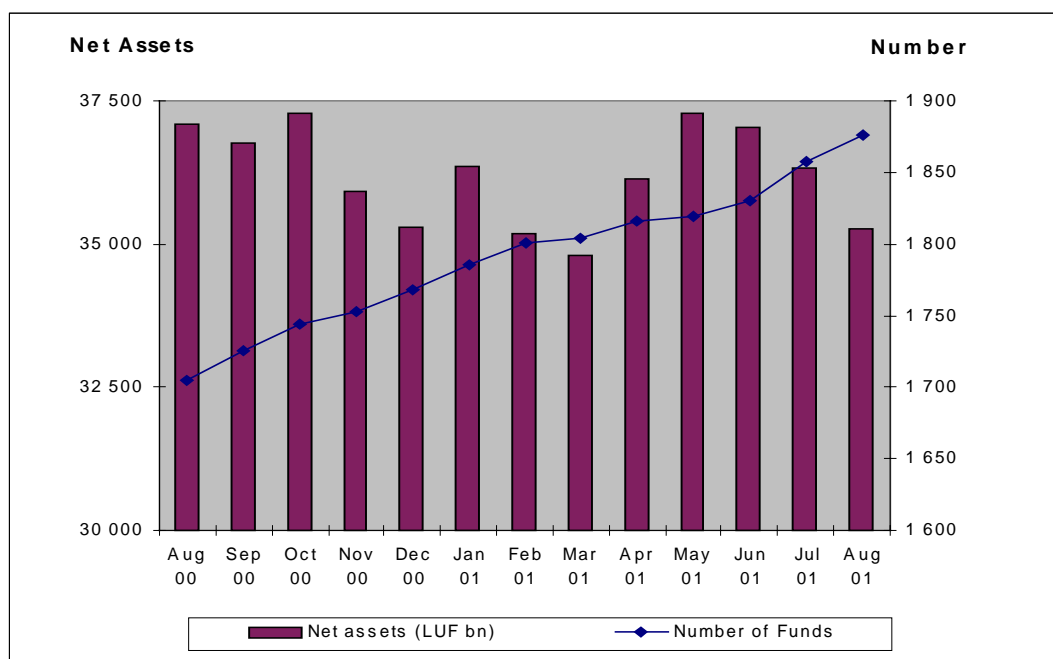


## Undertakings for collective investment

### Decrease by 3% in the UCIs' total net assets as at 31 August 2001

The total net assets for undertakings for collective investment amounted to EUR 873.9 billion (LUF 35,252.7 billion) as at 31 August 2001 compared to EUR 900.2 billion (LUF 36,315.8 billion) as at 31 July 2001. As a result the Luxembourg undertakings for collective investment sector has decreased by 2.93% compared to the month of July 2001. This decrease reflects the downward trend of the financial markets during the month of August.

The sector is witnessing a mere 0.08% increase 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 decreased by 4.98%. During the month of August 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 7.0 billion (LUF 281.5 billion).



The number of undertakings for collective investment taken into consideration totals 1,892 compared to 1,876 for the previous month. 1,122 UCIs have adopted the multiple compartment structure, which represents a total of 6,622 compartments. When adding 770 UCIs with a traditional structure to the previous figure, a total of 7,392 compartments are active in the financial centre.

## *Banks*

### **Banks' balance sheet total reports a 3.7% decrease for the month of August**

The balance sheet total for the banks established in Luxembourg reached EUR 671.97 billion (LUF 27,107 billion) as at 31 August 2001 compared to EUR 697.47 billion (LUF 28,136 billion) as at 31 July 2001, which is a decrease of 3.7%.

As at 1 October 2001, the number of credit institutions registered on the official list of banks added up to 196, following the withdrawal of BANK 2C on 21 September.

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

### **Balance sheet total of EUR 2.044 billion on the increase by 0.8%**

According to the data provided as at 31 August 2001, the balance sheet total of all the professionals of the financial sector (140 businesses active in total) adds up to EUR 2.044 billion compared to EUR 2.028 billion the previous month, which is a slight increase of 0.8%.

The net profit of the PFS reached EUR 252 million.

### **Distribution of the professionals of the financial sector according to their status (as at 30 September 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	29
Private portfolio managers	GF	53
Underwriters	PF	4
Professionals acting for their own account	PIPC	17
Market makers	TM	2
<b>TOTAL *</b>		<b>142</b>

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

## **I. Publication in the Memorial of new laws concerning the financial sector**

### **Law of 1 August 2001**

#### **relating to the transfer of property on a guarantee basis**

modifying and completing the law of 21 December 1994 relating to repurchase agreements contracted by credit institutions

modifying and completing the law of 5 April 1993 as amended relating to the financial sector

modifying and completing the law of 21 June 1984 relative to forward markets traded on the Luxembourg Stock Exchange and to forward markets involving a bank.

The transfer of property on a guarantee basis constitutes an interesting technique for capital mobilisation at reduced rates, which makes it today the most commonly used guarantee technique in the international financial markets. The present law aims to adapt the Luxembourg legal framework to international practice to eliminate all legal insecurity and to maintain competition on the financial centre. More specifically the law confirms the validity and opposability to third parties of transfers of property on a guarantee basis of securities in both ordinary as well as bankruptcy situations. In the latter case, the creditor will be able to realise his guarantee by means of compensation, such that it will have been conventionally settled, irrespective of any situation of support or stabilisation.

### **Law of 1 August 2001**

#### **regarding the circulation of securities and other fungible instruments**

The law replaces the grand-ducal regulation of 17 February 1971 concerning the circulation of transferable securities. The developments occurring on the financial markets during the last decades have made its review indispensable. The law aims to reinforce the legal security in the area of conservation of transferable securities and the settlement of securities operations which constitutes one of the areas of activity giving the financial centre its strength.

The main new legal items are the following:

- the scope of the grand-ducal regulation is extended by a new definition of the securities and the custodians;
- the depositors' legal situation is reinforced by the detail of the nature of their rights;
- a relaxation of the constitution rules and the realisation of guarantees have been implemented.

## II. Circular letter

### **Questionnaire on the main options considered by the credit institutions within the scope of the new regulation on the appropriateness of own funds**

On 25 September 2001, the CSSF addressed a circular letter to the credit institutions subject to Luxembourg law containing a questionnaire relating to their strategy within the scope of the new regulation on the appropriateness of own funds. The growing complexity of the new regulatory framework proposed, which has to be implemented in 2005, asks for an adequate preliminary preparation in order to take the necessary measures to guarantee a progressive transition to a new regime. It is therefore indispensable that the credit institutions develop an action plan to be able to apply the new regime of appropriateness of own funds in full conformity with the requirements to be met at the implementation date.

The circular letter is intended to round off the credit institutions' reflection on the subject of the recent developments in the field of appropriateness of own funds, as well as to inform the CSSF on the preparations undertaken by the credit institutions on this subject. A questionnaire covers the main options proposed in the second consultative document of the Basle Committee published in January 2001 («*The New Basle Capital Accord*») with the corresponding references. The document can be accessed on the following CSSF Internet page: ([http://www.cssf.lu/docs/lettre\\_circ250901.pdf](http://www.cssf.lu/docs/lettre_circ250901.pdf)).

## III. CSSF Circular 01/36

### **Publication in the Memorial of the law of 1 August 2001 relating to the changeover to the euro on 1 January 2002 and modifying certain legislative clauses**

The circular draws the attention of the supervised establishments to new legal clauses, such as the setting of a new threshold for example, at EUR 10,000 instead of LUF 500,000 previously, setting off the identification obligation of clients other than those with whom the establishment has entered into business relations.

## IV. CSSF Circular 01/37

### **Complement to the CSSF circulars 00/16, 01/31 and IML 94/112 concerning the fight against money laundering and the prevention of the use of the financial sector for money laundering activities**

The circular accounts for the developments that have taken place since the publication of the second report of the Financial Action Task Force (FATF) on money laundering in June 2001. Two countries have been added to the list, namely Grenada and the Ukraine. The situation remains alarming in Nauru and the Philippines.



## **Constitution and first meeting of the Committee of European Securities Regulators (CESR)**

Meeting for the first time in Paris on 11 September 2001, the European controlling authorities as regards transferable securities have adopted a Charter which details the functioning modalities of the new committee, in short CESR. The charter can be consulted at the following address: <http://www.europefesco.org>.

Mr Arthur Docters van Leuwen, president of the Dutch authority (Securities Board of the Netherlands) has been elected president by his peers for the duration of two years.

The CESR, independent entity gathering the European controlling authorities, succeeds FESCO, from which it takes over the entire workload. The committee follows the decision of the European Commission of 6 June 2001. It constitutes one of the two entities foreseen by the Baron Alexandre Lamfalussy report in terms of regulation of the European markets of transferable securities. The members of the committee, in principle the leaders of the relevant national authorities in this field, are nominated by each member state. The European Commission delegates a representative to this committee, as well as Norway and Iceland.

Regarding its missions, the CESR:

- will work to reinforce the co-ordination between controlling authorities;
- will assist the European Commission in the preparation of proposals as regards transferable securities;
- will see to an improved application of community legislation in the member states.

### **The CESR's consulting policy**

In line with the principles detailed in its charter and the recommendations contained in the Lamfalussy report, the CESR has published a communiqué during the month of October detailing in particular its consultation policy towards all the parties concerned, directly or indirectly, by its works. The document can be consulted at the following address: <http://www.europefesco.org>. The general objective is to achieve a greater transparency in terms of the regulation of the transferable securities markets.

## **Meeting in Luxembourg of the Fescofin Subcommittee on Enforcement**

On 24 September 2001 the Fescofin (Standing Committee on financial reporting) Subcommittee on Enforcement (SCE), working group in charge of accounting issues met in the premises of the CSSF.

During this meeting, the members of the SCE agreed that the supervision of the IAS (International Accounting Standards) enforcement should be assigned to an independent authority. The member states of the European Union should be free to choose the relevant authority. The latter must not necessarily be the authority exercising the supervision of the financial assets markets.

## **Co-operation agreement between the CSSF and the Czech Securities Commission**

On 20 July 2001, the Czech Securities Commission and the CSSF have signed in Prague a memorandum of understanding concerning the mutual assistance in the field of regulation of activities regarding transferable securities. In particular the agreement foresees an exchange of information of a regulatory and technical character as well as a co-operation as regards inquiries on the respective markets. The agreement took effect on the day of its signature.

# *Position taken*

## **Suspension of the NAV calculation of Luxembourg funds**

Following the tragic events of 11 September 2001, the CSSF announced through a press release the provisional suspension of the calculation of a large number of net asset values of Luxembourg funds holding American securities. In light of this case of force majeure, the individual public announcement of the suspension of the NAV calculation was replaced by this communiqué.

## LIST OF BANKS

### Withdrawal:

**Bank 2C**, on 21 September 2001.

### Change of name:

HypoVereinsbank Luxembourg S.A. has become **HVB Banque Luxembourg S. A.** on 1 October 2001

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

### New establishments:

#### **LISSA–Luxembourg Information Systems S.A.**

Financial advisor; broker; commission agent  
Ministerial authorisation of 6 September 2001

#### **Finsev S.A.**

Domiciliation agent of companies  
Ministerial authorisation of 10 September 2001

### Change of status:

#### **Timing Consult S.A.**

Status as financial advisor extended to private portfolio manager

## 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 August 2001**:

### Registrations:

- SPP PLATIN; 6C, route de Trèves; L-2633 Senningerberg
- ACTIVEST LUX EUROPEWINNER CONTROL 10/2007; 4, rue Alphonse Weicker; L-2721 Luxembourg-Kirchberg
- FC BAYERN MÜNCHEN FONDS; 43, avenue J-F Kennedy; L-1855 Luxembourg-Kirchberg
- N-FONDS NR.3 STRATEGIE HNLUX; 4, rue Alphonse Weicker; L-2721 Luxembourg-Kirchberg



- BERENBERG FUND-OF-FUNDS II; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- H & A LUX VCH; 21, avenue de la Liberté; L-1931 Luxembourg
- SPECIALTY FUNDS; 1A, Parc d'activité Syrdall; L-5365 Munsbach
- ACTIVEST LUX-AKTIEN-AUSTRALIEN; 4, rue Alphonse Weicker; L-2721 Luxembourg-Kirchberg
- BPA INTERNATIONAL SELECTION FUND; 11, rue Aldringen; L-1118 Luxembourg
- BBL RENTA FUND II; 52, route d'Esch; L-1470 Luxembourg
- AAM GROWTH FUND PLUS; 4, boulevard Royal; L-2449 Luxembourg
- INDEX-AKTIV UMBRELLA FONDS; 1C, Parc d'activité Syrdall; L-5365 Munsbach
- CONSULTING GROUP GLOBAL CAPITAL MARKETS FUNDS (LUXEMBOURG); 10a, boulevard Royal; L-2449 Luxembourg
- DA MULTIWERT FUND; 14, boulevard Royal; L-2449 Luxembourg
- CREDIT SUISSE ALTERNATIVE STRATEGIES TRUST (LUX); 5, rue Jean Monnet; L-2180 Luxembourg-Kirchberg
- DEXIA WORLD ALTERNATIVE; 69, route d'Esch; L-1470 Luxembourg
- PARADE FONDS; 14, boulevard Royal; L-2449 Luxembourg
- AQUILEIA FUND OF FUNDS; 4, boulevard Royal; L-2449 Luxembourg
- HPM INVEST SICAV; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- EUROAKTIEN-KASKO 100; 14, rue Aldringen; L-1118 Luxembourg
- AUGUSTA-BANK CONCEPT; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- LACUNA FCP; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- CONSUS; 21, avenue de la Liberté; L-1931 Luxembourg
- DWS FLEXINVEST GARANT II; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- THE JUPITER GLOBAL ACTIVE FUND; 1a-1b, rue Thomas Edison; L-1445 Luxembourg-Strassen

### **Withdrawals:**

- THORNTON PACIFIC INVESTMENT FUND; 11, rue Aldringen; L-1118 Luxembourg
- IMMO-ROYAL; 14, rue Aldringen; L-1118 Luxembourg
- SINOPIA EMERGING MARKETS FUND; 58, boulevard Grande-Duchesse Charlotte; L-1330 Luxembourg
- EASTERN EUROPE / CENTRAL ASIA INVESTMENT FUND; 1A, rue Höhenhof; L-1736 Senningerberg
- CENTRAL EUROPEAN YIELD FUND; 1A, rue Höhenhof; L-1736 Senningerberg
- VB-TOP 12 GARANTIE 8/2001; 4, rue Alphonse Weicker; L-2721 Luxembourg-Kirchberg
- J.P. MORGAN JAPANESE INVESTOR FUND; 6D, route de Trèves; L-2633 Senningerberg
- W.F.M. ASIEN FONDS; 4, boulevard Royal; L-2449 Luxembourg
- SECU-LUXRENT; 30, boulevard Grande-Duchesse Charlotte; L-1330 Luxembourg

# Financial Centre

The main up-dated figures regarding the financial centre:

Number of banks: **196** (30 September 2001)

Balance sheet total: **EUR 671.97 billion** (31 July 2001)

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

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

Number of UCIs: **1,892** (31 August 2001)

Total net assets: **EUR 873.9 billion** (31 August 2001)

Number of PFS: **142** (30 September 2001)

Balance sheet total: **EUR 2.044 billion** (31 August 2001)

Net profit: **EUR 252 million** (31 August 2001)

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

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

## CSSF Newsletter

Design and editing: Secrétariat général CSSF

110, route d'Arlon

L-2991 LUXEMBOURG

Tel.: (+352) 26 251 301 / 237

E-mail: [direction@cssf.lu](mailto:direction@cssf.lu)

Website: [www.cssf.lu](http://www.cssf.lu)