

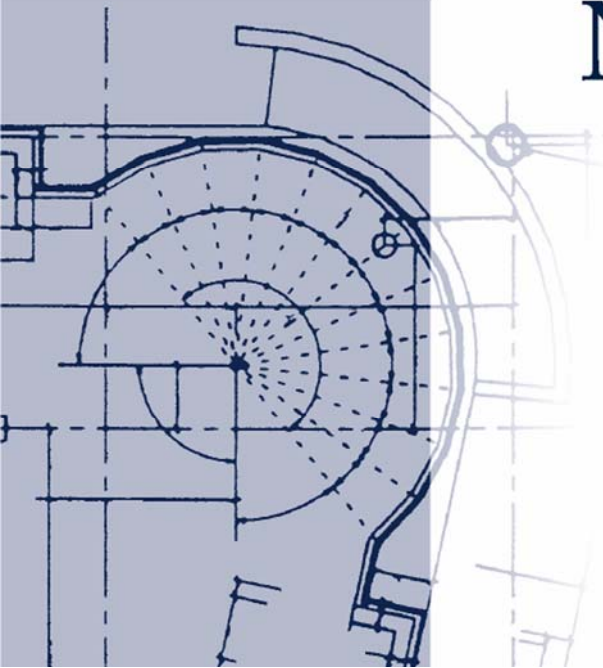
N°46

November 2004



CSSF NEWSLETTER

COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER



Publication of the analysis concerning the development of banking employment in Luxembourg

The CSSF just published a study on the development of banking employment in Luxembourg, which deals with the structure of activities of the banking workforce and its development over the last years. It also sets forth projections for employment for 2005 and an analysis of explanatory factors.

The analysis is available on the CSSF website at www.cssf.lu/fr/publications/rapport.html?cat_num=8.

Speech

At the PricewaterhouseCoopers Banking Day on 9 November 2004, Mr Jean-Nicolas SCHAUS, Director General of the CSSF, focused his speech on the development of the prudential supervision of the financial centre, which is facing a banking environment undergoing major change, and on the role of the supervisory authority. Mr Schaus noted that:

“[...]”

1. *prudential supervision is changing;*
2. *foreign influence will grow, which is, all things considered, only a natural development;*
3. *the financial centre becomes increasingly onshore in this area as well, which is not necessarily negative;*
4. *the CSSF will continue to act with the conviction that its actions allow the financial centre to develop within an international environment;*
5. *the CSSF does not intend to act as the police of the financial centre, but as a considerate supervisor.”*

The speech of Mr SCHAUS is available on the CSSF website at www.cssf.lu/docs/Discours_BankingDay091104.pdf.

Statistics

Banks

Slight increase in the banks' balance sheet total as at 30 September 2004

As at 30 September 2004, the balance sheet total of the banks established in Luxembourg reached EUR 678.67 billion as compared to EUR 676.43 billion as at 31 August 2004, which is an increase of 0.33%.

As at 30 September 2004, total workforce of Luxembourg credit institutions reached 22,536 people, representing an increase of 0.3% as compared to 30 June 2004, when total employment amounted to 22,470 people. Total employment of Luxembourg banks as at 30 September 2003 reached 22,598 people.

Following the winding-up of Banque Audi (Luxembourg) S.A., the number of credit institutions registered on the official list as at 31 October 2004 reached 166 entities.

Professionals of the financial sector (PFS)

Increase in the balance sheet total

According to the data provided as at 30 September 2004, the balance sheet total of all the professionals of the financial sector (165 active businesses) amounts to EUR 33.275 billion as against EUR 32.119 billion in the previous month, which represents an increase of 3.60%.

This substantial increase in the balance sheet total of PFS over a period of twelve months is more than noteworthy, as in September 2003, the balance sheet total of the 142 active businesses amounted to only EUR 2.491 billion. This positive development is attributable on the one hand to the increase in the number of professionals, and on the other hand, to the quite significant balance sheet total of PFS recently authorised as professional performing credit offering or professional performing securities lending. The activities of these professionals are indeed entirely reflected in the balance sheet total.

As regards the breakdown of the balance sheet total as at 30 September 2004 between the various categories of PFS, the professionals performing securities lending take the top position, followed by the professionals performing credit offering, the professional custodians of securities and the distributors of units/shares of UCIs.

Staff employed by the professionals of the financial sector totals 4,984 people as at 30 September 2004 against 4,928 people as at 30 June 2004, which is an increase of 56 people over a period of 3 months. Compared over a period of twelve months, total employment of PSF rose from 4,307 entities as at 30 September 2003 to 4,984 entities as at 30 September 2004, representing an increase of 677 entities or 15.72%.

The provisional net profit of all the professionals of the financial sector reached EUR 270.82 million as at 30 September 2004 (165 active businesses) against EUR 232.98 million as at 30 June 2004 (159 active businesses) and against 103.53 million as at 31 March 2004 (147 active businesses).

Compared over a period of twelve months, the net result for all the PFS went down from EUR 311.03 million as at 30 September 2003 (142 active businesses) to EUR 270.82 million as at 30 September 2004 (165 active businesses), which represents a decrease of 12.93%. This negative development stems mainly from the fact that the newly registered PFS and in particular the PFS with lending or leasing activities and those performing securities lending are not as profitable as the undertakings that provide investment services.

Indeed, the breakdown of net profits as at 30 September 2004 between the various categories of PFS shows that investment firms outperform the other categories of PFS. Professional custodians of securities thus take the top position, followed by the distributors of units/shares of UCIs and the private portfolio managers.

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

(as at 31 October 2004)

Category		Number
<i>Investment firms</i>		
Commission agents	COM	15
Private portfolio managers	GF	46
Professionals acting for their own account	PIPC	15
Distributors of units of investment funds	DIST	38
Underwriters	PF	3
Professional custodians of securities or other financial instruments	DEP	3
Registrar and transfer agents	ATR	9
<i>PFS other than investment firms</i>		
Financial advisors	COF	10
Brokers	COU	4
Market makers	TM	2
Currency exchange dealer	CHES	1
Debt recovery	RECO	3
Professionals performing credit offering	POP	5
Professionals performing securities lending	PPT	1
Administrators of collective savings funds	AFCE	1
Domiciliation agents of companies	DOM	31
Client communication agents	ACC	7
Administrative agents of the financial sector	AA	6
IT systems and communication networks operator of the financial sector	IT	11
Professionals performing services of setting up and of management of companies	PCG	2
Professionals of the financial sector authorised to exercise any activity referred to in section 1 of chapter 2 of part I of the amended law of 5 April 1993 on the financial sector, with the exception of the categories of PFS also referred to in section 2 of the same chapter	ART. 13	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*		165

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

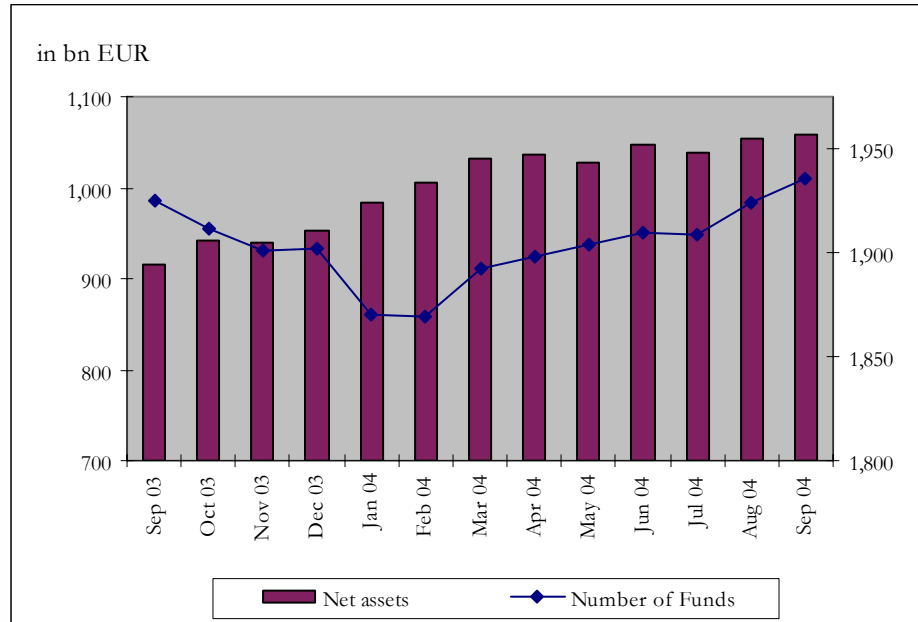
Undertakings for collective investment

Increase in UCI's total net assets at the end of September 2004

As at 30 September 2004, the total net assets of undertakings for collective investment reached EUR 1,058.925 billion compared to EUR 1,053.042 billion as at 31 August 2004. Consequently, the Luxembourg undertakings for collective investment sector increased by 0.56% compared to August 2004. In September 2004, the sector increased by 11.08% compared to 31 December 2003 when the total net assets amounted to EUR 953.302 billion. Over the last twelve months, the volume of net assets increased by 15.55%.

During the month of September 2004, the net capital investment amounted to EUR 4.158 billion. Compared to 31 December 2003, the net capital investment amounts to EUR 79.934 billion.

The number of undertakings for collective investment taken into consideration totals 1,944 as against 1,936 the previous month. 1,214 UCIs have adopted the multiple compartment structure, which represents 7,048 compartments. When adding 730 UCIs with a traditional structure, a total of 7,778 compartments are active in the financial centre.



Management companies

Balance sheet total of the management companies under chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment

The balance sheet total of the management companies under chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment amounted to EUR 1,022.006 million as at 30 September 2004.

The number of management companies taken into account amounts to 15.

Approval of two new management companies under chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment

The Commission de Surveillance du Secteur Financier informs that two new management companies have been registered on the official list of management companies governed by chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment, namely:

- BERENBERG LUX INVEST S.A.. The company will be active in the field of collective management, management on a discretionary basis and will provide safekeeping and administrative services in relation to units/shares of UCIs.

- NORTHERN TRUST LUXEMBOURG MANAGEMENT COMPANY. The company will be active in the field of collective management.

Following this authorisation, the number of management companies governed by chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment and allowed to benefit from the European passport as from 13 February 2004 by way of free establishment or free provision of services in another Member State of the European Union amounts to 17 as at 1 November 2004.

International co-operation

CESR consultation concerning the transitional provisions of Directives 2001/107/EC and 2001/108/EC

The Committee of European Securities Regulators (CESR) has launched a consultation on guidelines for prudential supervisory authorities concerning the transitional provisions of Directives 2001/107/EC and 2001/108/EC (the so-called UCITS III Directives) which amend Directive 85/611/EEC (Directive UCITS I) on undertakings for collective investment in transferable securities (UCITS).

The consultation document (CESR/04-434) addresses a series of questions concerning the transitional provisions and which concern in particular the activities of management companies and grandfathered UCITS umbrella funds, as well as the simplified prospectus and the marketing of UCITS benefiting from the grandfathering period.

The CESR press release on this subject (www.cesr-eu.org/data/document/04_541.pdf), as well as the consultation document (www.cesr-eu.org/data/document/04_434.pdf) are available on the CESR website www.cesr-eu.org. Comments concerning the consultation document CESR/04-434 can be submitted online under the heading “consultations” (cf. 21 October 2004).

CESR consults on the concepts it will use to assess equivalence between accounting standards

The Transparency Directive and the Prospectus Regulation state that issuers of securities admitted to trading on an EU regulated market are required to present their financial statements on the basis of the EU IAS/IFRS accounting standards or on the basis of third country’s national accounting standards on condition that they have been declared as equivalent to the IAS/IFRS accounting standards. The European Commission has requested CESR to prepare technical advice which will assist them in assessing the equivalence of the accounting standards of the United States, Canada and Japan. The presentation of the concept paper, in which CESR sets out the concepts which will underlie its approach to the assessment of equivalence forms the first step in this direction.

The paper is available on the CESR website www.cesr-eu.org; comments can be submitted online by 22 December 2004.

CESR consults on the second set of mandates from the European Commission on the Markets in Financial Instruments Directive

On 21 October 2004, CESR published a consultation paper proposing technical advice on the implementation of the Markets in Financial Instruments Directive set out under the second set of mandates received by CESR.

The technical advice covers the definition of investment advice, the list of financial instruments, the general obligation for the professionals to act fairly, honestly and professionally, the suitability test, the appropriateness test, the execution only business, the eligible counterparties, the limit orders display and the required pre-trade transparency for internalisation.

CESR should submit its final advice to the European Commission by 30 April 2005. The document is available on the CESR website www.cesr-eu.org; responses should be submitted via the CESR website by 20 January 2005.

The role of CESR within the Financial Services Actions Plan

CESR consults on an analytical report entitled “Which Supervisory Tools for the Securities Markets?”, by which CESR presents a preliminary approach to define the role that regulators play in order to ensure consistent, efficient and a convergent EU-wide implementation of all the measures taken within the financial services action plan in the next five years.

The document is available on the CESR website www.cesr-eu.org. It will be presented to the EU institutions and is open to public consultation until 31 January 2005.

CESR proposes implementing measures of the Transparency Directive

On 28 October 2004, CESR published a consultation document on its proposed implementation measures of the transparency directive. The measures cover the dissemination of regulated information and propose different options to develop a single database which would hold the financial information of issuers whose securities are admitted to trading on a regulated EU market for easy access by investors.

The document is available on the CESR website www.cesr-eu.org and responses can be submitted online via CESR’s website by 28 January 2005.

CESR consults on the implementation of the Market Abuse Directive

On 28 October 2004, CESR published a consultation document on preliminary guidance to implement the Market Abuse Directive by ensuring a common approach amongst EU supervisors.

The paper addresses three areas:

- accepted market practices
- types of practices considered by CESR members as market manipulations
- presentation of a common format for reporting suspicious transactions.

The document is available on the CESR website www.cesr-eu.org and responses can be submitted online via CESR's website by 31 January 2005.

CESR announces a conference in Paris on 6 December 2004

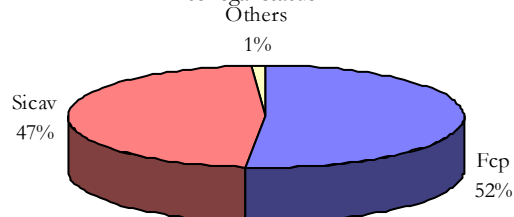
CESR organises a conference on “Europe’s single market: Under construction or fully integrated?”, which will draw senior key figures, including the incoming Internal Market Commissioner Charlie McGreevy. Further information is available on the CESR website www.cesr-eu.org via which interested persons can register.

Quarterly statistics on the undertakings for collective investment industry - situation as at 30 September 2004

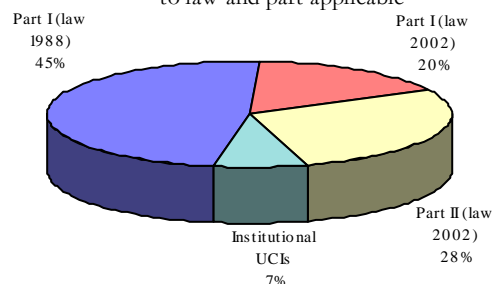
Every three months, in addition to the monthly statistics, the CSSF newsletter provides more detailed information on the investment fund sector, in particular regarding the origin of the promoters and the investment policy of the UCIs.

Number of UCIs

Distribution of the number of UCIs according to legal status



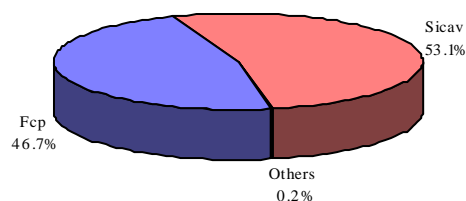
Distribution of the number of UCIs according to law and part applicable



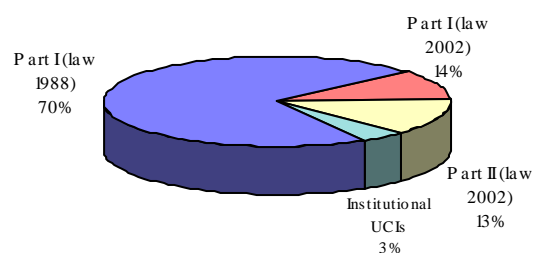
Law, part \ legal form	Fcp	Sicav	Others	Total
Part I (law 1988)	444	438	5	887
Part I (law 2002)	281	110	0	391
Part II (law 2002)	206	300	14	520
Institutional UCIs	87	57	2	146
Total	1 018	905	21	1 944

Net assets of the UCIs

Distribution of the net assets of UCIs according to their legal status



Distribution of the number of UCIs according to law and part applicable

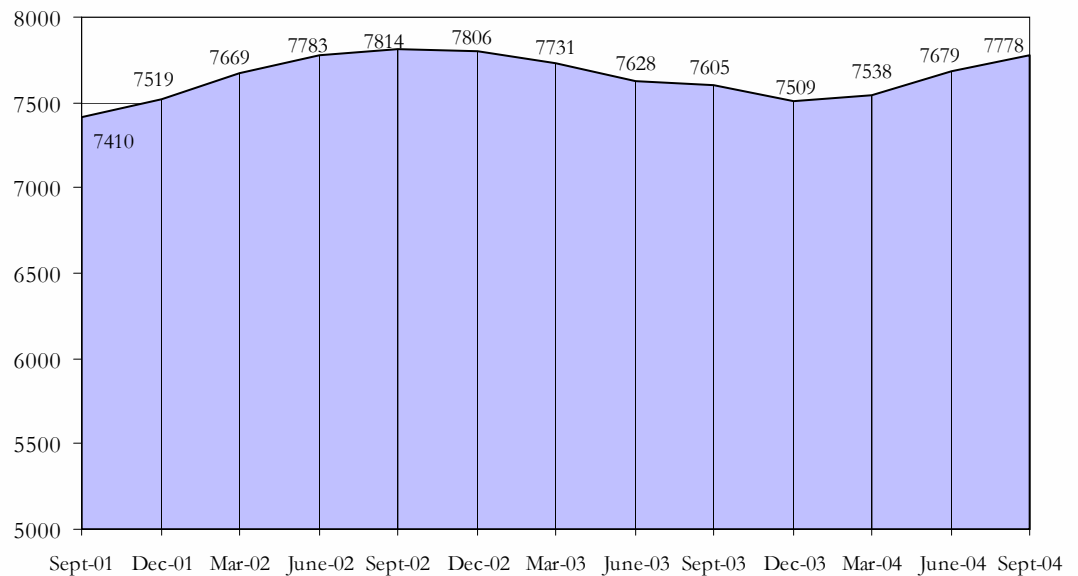


Law, part \ legal form	Fcp	Sicav	Others	Total
Part I (law 1988)	311.424	417.712	1.241	730.377
Part I (law 2002)	79.785	73.712	0.000	153.497
Part II (law 2002)	73.149	55.792	1.671	130.612
Institutional UCIs	29.644	14.692	0.103	44.439
Total	494.002	561.908	3.015	1 058.925

Origin of the promoters of Luxembourg UCIs

	Net assets (in bn EUR)	in %
Switzerland	231.719	21.9%
United States	186.922	17.6%
Germany	181.689	17.1%
Italy	123.609	11.7%
Belgium	89.863	8.5%
United Kingdom	75.867	7.2%
France	60.530	5.7%
Japan	24.033	2.3%
Netherlands	22.030	2.1%
Sweden	20.688	1.9%
Others	41.975	4.0%
Total	1 058.925	100.0%

Development in the number of units



Investment policy of the Luxembourg UCIs

	Net assets (in bn EUR)
Fixed-income transferable securities ¹	544.917
Variable-yield transferable securities ²	347.555
Mixed transferable securities	72.160
Fund of funds	80.268
Cash	6.419
Real estate	3.146
Futures, options, warrants	4.319
Other securities	0.141
Total	1 058.925

¹Including EUR 184.862 billion in money market instruments and other short-term securities.

²Including EUR 2.265 billion in non-listed transferable securities and 0.442 billion euro in venture capital.

LIST OF BANKS

Withdrawal:

Banque Audi (Luxembourg) S.A.

Winding-up on 31 October 2004

Change of name and status:

Unicredito Italiano SpA, Luxembourg branch,
into

UniCredit International Bank (Luxembourg) S.A.

16, rue des Bains, L-1212 Luxembourg

Postal address: B.P. 770, L-2017 Luxembourg

On 29 October 2004

Change of address:

Wüstenrot Bausparkasse AG, Luxembourg branch,

33, Parc d'Activité Syrdall, L-5365 MUNSBACH

Postal address: B.P. 924, L-2019 Luxembourg

Change of name and address:

Bank of Bermuda (Luxembourg) S.A.

into

HSBC Securities Services (Luxembourg) S.A.

40, avenue Monterey, L-2163 Luxembourg

LIST OF PROFESSIONALS OF THE FINANCIAL SECTOR (PFS)

New establishment:

CLEARSTREAM SERVICES S.A.

42, avenue J.F. Kennedy

L-2967 Luxembourg

authorised as IT systems and communication networks operator of the financial sector and administrative agent of the financial sector

Ministerial authorisation of 13 October 2004

Withdrawals:

COMPAGNIE DE GESTION PRIVEE, Bruxelles (Belgium),

Luxembourg branch

29, Cité Millewee

L-8064 Bertrange

Withdrawal on 4 November 2004

LUX RENT A CAR S.A.

5, rue Robert Stumper

L-2557 Luxembourg

Withdrawal on 24 September 2004

Change of address:

LIBERTY ERMITAGE LUXEMBOURG S.A.

1, allée Scheffer
L-2025 Luxembourg

WH SELFINVEST S.A.

11, boulevard Grande-Duchesse Charlotte
L-1331 Luxembourg

LIST OF MANAGEMENT COMPANIES

New companies:

BERENBERG LUX INVEST S.A.

23, rue Aldringen
L-1118 Luxembourg

NORTHERN TRUST LUXEMBOURG MANAGEMENT COMPANY

398, route d'Esch
L-1471 Luxembourg

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, the law of 20 December 2002 and the law of 19 July 1991, during the **month of September 2004**

Registrations

- A & V, 21, avenue de la Liberté, L-1931 Luxembourg
- ABN AMRO PROFIL FUNDS, 46, avenue J-F Kennedy, L-1855 Luxembourg
- ACTIVEST DEVISENFONDS, 4, rue Alphonse Weicker, L-2721 Luxembourg
- ACTIVEST LUX ATHOS, 4, rue Alphonse Weicker, L-2721 Luxembourg
- AXA ALTERNATIVE OPPORTUNITIES, 8, rue de la Grève, L-1643 Luxembourg
- CLS SUMMIT ALTERNATIVE FUND, 50, avenue J-F Kennedy, L-1855 Luxembourg
- DEKA-EURORENTEN 6/2006, 5, rue des Labours, L-1912 Luxembourg
- DEKA-TREASURY CASH PLUS, 5, rue des Labours, L-1912 Luxembourg
- DEXIA TOTAL RETURN, 283, route d'Arlon, L-1150 Luxembourg
- FIDELITY ACTIVE STRATEGY ("FAST"), place de l'Etoile, L-1479 Luxembourg
- HINES EUROPEAN VALUE ADDED FUND, 33, boulevard du Prince Henri, L-1724 Luxembourg
- KRONOS FUND, 12, rue Eugène Ruppert, L-2453 Luxembourg
- PRIVATE PLACEMENT FUND, 11, rue Aldringen, L-1118 Luxembourg
- SMARTCAP FUNDS, 14, boulevard Royal, L-2449 Luxembourg
- SQUAD CAPITAL, 14, boulevard Royal, L-2449 Luxembourg
- UBS (LUX) STRUCTURED SICAV 2, 291, route d'Arlon, L-1150 Luxembourg
- UNIGARANTPLUS: BEST OF WORLD (2010), 308, route d'Esch, L-1471 Luxembourg
- VENUS, 12, rue Eugène Ruppert, L-2453 Luxembourg

Withdrawals

- ADIG EUROPAPLUS STRATEGIE 9/2004, 25, rue Edward Steichen, L-2540 Luxembourg
- AQUARIUS FUND SICAV, 291, route d'Arlon, L-1150 Luxembourg
- BIOCAPITAL, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- CASTOR ET POLLUX, 39, allée Scheffer, L-2520 Luxembourg
- CREDITANSTALT CENTRAL AND EASTERN EUROPEAN TRUST, 11, rue Aldringen, L-1118 Luxembourg
- DIT-EURO LAUFZEITFONDS 2004, 6A, route de Trèves, L-2633 Senningerberg
- LUX-SMALL & MID CAPS, 1, place de Metz, L-1930 Luxembourg
- ROSENBERG ALPHA FUND U.S. JAPAN, 13, rue Goethe, L-1637 Luxembourg
- SUEZ ASIA EQUITY ASSOCIATES S.C.A., 39, allée Scheffer, L-2520 Luxembourg
- WACHSTUMSFONDS NR. 1, 4, rue Alphonse Weicker, L-2721 Luxembourg

Financial centre

Main updated figures regarding the financial centre:

Number of banks: **166** (31 October 2004)

Balance sheet total: **EUR 678.673 billion** (30 September 2004)

Profit before provision: **EUR 2.838 billion** (30 September 2004)

Employment: **22,536 people** (30 September 2004)

Number of UCIs: **1,945** (12 November 2004)

Total net assets: **EUR 1,058.925 billion** (30 September 2004)

Number of SICAR: **1** (31 October 2004)

Number of pension funds: **11** (31 October 2004)

Number of management companies: **17** (1 November 2004)
(Chapter 13 of the Law of 20 December 2002)

Balance sheet total: **EUR 1,022.006 million** (30 September 2004)

Employment: **421 people** (30 September 2004)

Number of PFS: **165** (31 October 2004)

Balance sheet total: **EUR 33.275 billion** (30 September 2004)

Net profit: **EUR 270.82 million** (30 September 2004)

Employment: **4,984 people** (30 September 2004)

Number of securitisation vehicles: **2** (31 October 2004)

Total employment in the supervised establishments: **27,082 people** (31 Dec. 2003)

Total employment in the supervised establishments: **27,817 people** (30 June 2004)

Total employment in the supervised establishments: **27,941 people** (30 Sept. 2004)

CSSF Newsletter

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