

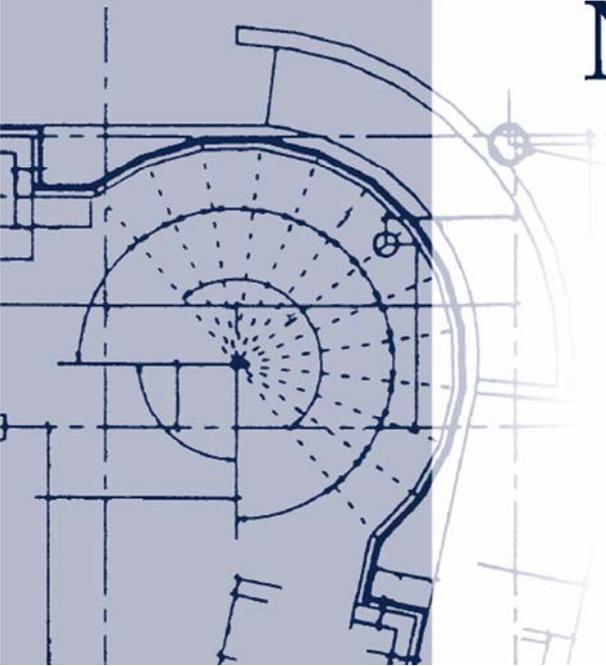
*N°53*

*June 2005*



# CSSF NEWSLETTER

COMMISSION de SURVEILLANCE  
du SECTEUR FINANCIER



## Two record figures

### Balance sheet total of banks:

At 30 April 2005, the banks' balance sheet total reached EUR 725 billion, which is an all-time high.

### Number of UCIs:

The number of undertakings for collective investment registered on the official list exceeded for the first time the 2000 mark, totalling 2003 entities at 10 June 2005.

## Banks

### Slight increase in the banks' balance sheet total as at 30 April 2005

As at 30 April 2005, the balance sheet total of the banks established in Luxembourg reached EUR 725.01 billion as compared to EUR 715.13 billion as at 31 March 2005, which is an increase of 1.38%.

The number of banks registered on the official list as at 31 May 2005 remained unchanged as compared to the previous month at 161 entities.

## Professionals of the financial sector (PFS)

### Positive development of PFS as at 30 April 2005

The balance sheet total of all the professionals of the financial sector (172 active businesses) amounts to EUR 52.894 billion as at 30 April 2005, against EUR 50.875 billion in the previous month (171 active businesses), which represents an increase of 3.97%.

Net provisional profit of these PFS reached EUR 162.7 million as at 30 April 2005, against EUR 128.6 million as at 30 April 2004 (153 active businesses).

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

(as at 31 May 2005)

Category		Number
<i>Investment firms</i>		
Commission agents	COM	15
Private portfolio managers	GF	45
Professionals acting for their own account	PIPC	15
Distributors of units of investment funds	DIST	36
Underwriters	PF	2
Professional custodians of securities or other financial instruments	DEP	3
Registrar and transfer agents	ATR	11
<i>PFS other than investment firms</i>		
Financial advisors	COF	10
Brokers	COU	5
Market makers	TM	1
Currency exchange dealer	CHES	1
Debt recovery	RECO	3
Professionals performing credit offering	POP	6
Professionals performing securities lending	PPT	1
Administrators of collective savings funds	AFCE	1
Domiciliation agents of companies	DOM	31
Client communication agents	ACC	10
Administrative agents of the financial sector	AA	6
IT systems and communication networks operator of the financial sector	IT	13
Professionals performing services of setting up and of management of companies	PCG	3
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	3
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>172</b>

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

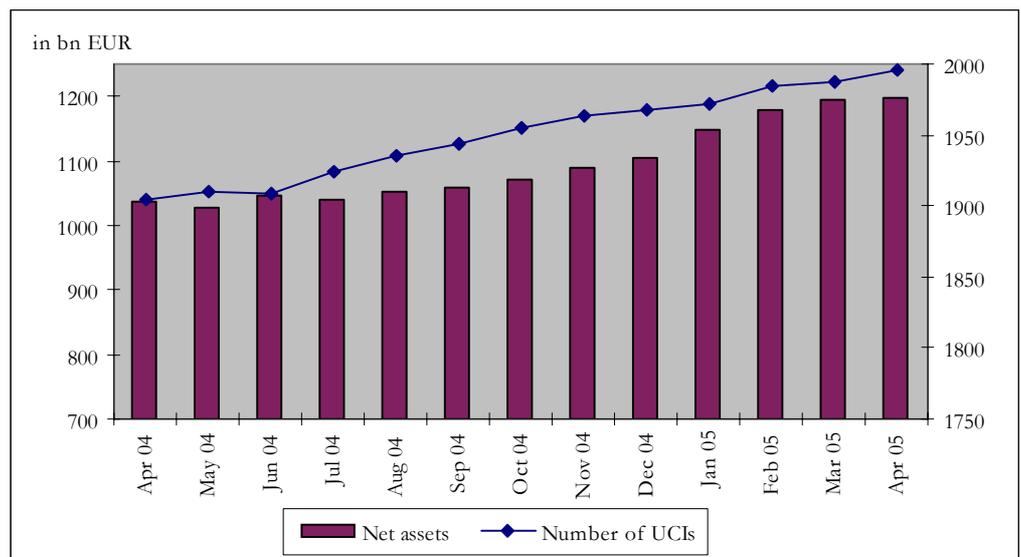
## Undertakings for collective investment

### Increase in UCI's total net assets at the end of April 2005

As at 30 April 2005, the total net assets of undertakings for collective investment reached EUR 1,197.141 billion compared to EUR 1,194.010 billion as at 31 March 2005. The Luxembourg undertakings for collective investment sector increased by 0.26% compared to March 2005. In April 2005, the sector increased by 8.22% compared to 31 December 2004 when the total net assets amounted to EUR 1,106.222 billion. Over the last twelve months, the volume of net assets increased by 15.41%.

During the month of April 2005, net capital investment amounted to EUR 10.733 billion. Compared to 31 December 2004, net capital investment totals EUR 72.053 billion.

The number of undertakings for collective investment taken into consideration totals 1,996 as against 1,987 in the previous month. A total of 1,241 UCIs have adopted the multiple compartment structure, which represents 7,299 compartments. When adding 755 UCIs with a traditional structure to the previous figure, a total of 8,054 compartments are active in the financial centre.



## Management companies

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

The CSSF informs that three 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:

- FIRSTNORDIC FUND MANAGEMENT COMPANY S.A.. The company will be active in the field of collective management.

- JPMORGAN ASSET MANAGEMENT EUROPE (LUXEMBOURG) S.à r.l. The company will be active in the fields of collective management, discretionary management and investment advice.
- CR FIRENZE GESTION INTERNATIONALE S.A.. The company will be active in the field of collective management.

Following these authorisations, 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 since 13 February 2004 by way of free establishment or free provision of services in another EU Member State amounts to 36 as at 31 May 2005.

## Regulation

### **Adoption of the third Directive on the fight against money laundering**

Following its approval on 26 May 2005 by the European Parliament, the Council of Economic and Finance Ministers has definitively adopted, on 7 June 2005, under Luxembourg Presidency, the third Directive on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

The new Directive aims to incorporate into EU law the Forty Recommendations of the Financial Action Task Force (FATF) as revised in June 2003. The professional obligations of the participants concerned, without being modified in principle, are refined, notably through the introduction of enhanced duties of vigilance for situations that present a higher risk of money laundering (e.g. trading with correspondent banks situated outside the EU).

Upon its effective entry into force, planned to take place towards the end of 2005, this new Directive will repeal and replace the existing 1991 Directive as amended in 2001 and is due to be implemented by Member States by 2007.

#### **Circular CSSF 05/185**

#### **Luxembourg management companies subject to chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment and Luxembourg self-managed investment firms subject to article 27 or article 40 of the law of 20 December 2002 concerning undertakings for collective investment**

Circular CSSF 05/185 of 24 May 2005, aimed at all Luxembourg undertakings for collective investment (UCIs) and management companies, purports to complement circular CSSF 03/108 as regards the conditions for obtaining and maintaining authorisation for management companies subject to the provisions of chapter 13 of the law of 20 December 2002 as amended, which do not engage in activities other than collective portfolio management.

The circular's purpose is to remind the professionals concerned that circular CSSF 03/108 requires at least one of the persons who conduct the business of the management company subject to the law of 20 December 2002 as amended to be on site.

Based on the experience gained in analysing the applications for authorisation, the CSSF can also authorise a management company under chapter 13 of the law of 20 December 2002 as amended, if the specific elements of an application allow the CSSF to conclude that the management company is not restricted to merely the existence of a registered or statutory office in Luxembourg. The elements can be manifold and should be, among other things, inspired by the will to comply with corporate government and risk management principles.

The circular specifies that, in any case, the persons who conduct the business shall have the necessary technical and IT means at their disposal in order to be able to assume their responsibilities and to carry on the functions imposed on them by the law of 20 December 2002 and circular CSSF 03/108. In particular, appropriate procedures and processes should be set up to enable the persons to conduct the business of the management company together.

Circular CSSF 05/185 is applicable *mutatis mutandis* to the investment firms under UCITS Directive 85/611 that have not designated a management company.

## **Circular CSSF 05/186**

### **Guidelines of the Committee of European Securities Regulators (CESR) regarding the transitional provisions of UCITS Directives 2001/107/EC and 2001/108/EC (UCITS III) amending Directive 85/611/EEC (UCITS I)**

Circular CSSF 05/186 of 25 May 2005, aimed at all Luxembourg undertakings for collective investment (UCIs) and those who act in relation to the operation and supervision of such undertakings, purports to draw attention to the publication of the guidelines of the Committee of European Securities Regulators (CESR) regarding the transitional provisions of Directives 2001/107/EC and 2001/108/EC (UCITS III) amending Directive 85/611/EEC (UCITS I).

This document, which was published by CESR on 3 February 2005 under reference 04-434b, is available on CESR's website [www.cesr-eu.org](http://www.cesr-eu.org).

CESR's guidelines concern the transitional provisions of Directives 2001/107/EC and 2001/108/EC, under which UCITS and management companies subject to the amended Directive 85/611/EEC must comply with the Directive's requirements by 13 February 2007 at the latest.

These guidelines, which aim to put an end to divergent interpretations of the transitional provisions by the supervisory authorities of EU Member States, lay down a set of new deadlines for some UCITS and management companies.

These new deadlines imply that some UCITS and management companies, in order to comply with CESR's guidelines, must implement the rules laid down in Directive 2001/107/EC and 2001/108/EC by 13 February 2007.

However, UCITS I funds, authorised before 13 February 2002, which have not launched additional sub-funds since 13 February 2002 and UCITS I funds management companies, authorised before 13 February 2004, which have not launched additional sub-funds since 13 February 2002 have until 13 February 2007 to comply with Directives 2001/107/EC and 2001/108/EC.

Circular CSSF 05/186 stresses that it is highly recommended that the UCITS concerned comply with the deadlines laid down by CESR's guidelines concerning the application of transitional provisions of Directives 2001/107/EC and 2001/108/EC, otherwise, the marketing of UCITS and management companies under the European passport in other EU Member States is likely to be jeopardised.

## **Circular CSSF 05/187**

### **Financial information to be submitted to the CSSF by the “other professionals of the financial sector” (PFS) on a periodic basis**

This circular, which addresses all the PFS, takes effect on 31 December 2005 and circular IML 98/142 on financial information to be submitted to the CSSF on a periodic basis, is repealed as from the same date.

Circular CSSF 05/187 provides that a certain number of “ad hoc” tables designed to measure the scale and the risks inherent in these newly regulated activities apply to the PFS categories newly created under the law of 2 August 2003 and to those, that newly fall under the prudential supervision of the CSSF by virtue of this law.

Under this circular, the following PFS categories are required to provide, as from 31 December 2005, “ad hoc” tables relating to their specific activities, besides the financial information that are now applicable:

- registrar and transfer agents;
- persons performing cash-exchange transactions;
- professionals performing debt recovery;
- professionals performing credit offering;
- professionals performing securities lending;
- professionals performing money transfer services;
- administrators of collective savings funds;
- managers of non-coordinated UCIs;
- client communication agents;
- administrative agents of the financial sector;
- IT systems and communication networks operators of the financial sector;
- domiciliation agents of companies;
- professionals performing services of setting up and of management of companies;
- professionals 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.

As regards the professionals authorised under article 13 of the law on the financial sector to perform an activity of the financial sector that does not fall under one of the PFS categories defined by the law, the circular states, given the diversity of the professionals' activities, that a specific “ad hoc” table be transmitted to them in due time.

As regards the information schedules that traditional PFS categories are required to submit, the existing tables underwent only some minor changes. Table II.3 (portfolio managers), for instance, was completed by a range of information to provide on UCIs managed by PFS and the volume of units/shares of UCIs managed and invested in individual portfolios of the clients. Furthermore, the geographical origin of the depositary banks of the client's assets must also be mentioned in this table in order to be able to improve the assessment of the legal risk incurred by each PFS.

On the other hand, reporting requirements have been simplified. Several existing tables have thus been substantially lightened, such as table II.6 (distributors of units/shares of investment funds) for which the nominative designation of distributed and redeemed units/shares is no longer required.

### **Circular CSSF 05/188 Coming into force of the law of 12 November 2004 on the fight against money laundering and terrorist financing**

The law of 12 November 2004 transposes into Luxembourg law Directive 2001/97/EC amending Directive 91/308/EEC on the prevention of the use of the financial system for money laundering purposes and complements at the same time the Luxembourg legislative framework on a certain number of points by taking account of the experience gained at national as well as international level over the past ten years.

It should be stressed that the law extends the professional obligations as regards the fight against money laundering to the fight against terrorist financing. It also adopts a new, horizontal and intersectoral approach.

Circular CSSF 05/188 purports to describe the changes brought about by the law of 12 November 2004 that concern the professionals of the financial sector subject to the supervision of the CSSF and to provide details on the way these professionals should implement the new legal provisions as regards professional obligations. Subject to these changes, it thus supplements the other circulars in this area.

## ***GRIF project: operational risk management in financial institutions New methodological approach for the assessment of the quality of risk management by financial institutions***

***Press release of 25 May 2005***

*The CSSF has set up a research partnership programme with the CRP Henri Tudor, the GRIF project (“Gestion des Risques opérationnels dans les Institutions Financières”, Operational risk management within financial institutions), with the aim of investigating new methodological ways to objectively assess the quality of the operational risk management implemented in financial institutions.*

*Research is based on the introduction, by the New Basel Accord and the new capital adequacy Directive (CAD III) respectively, of capital requirements for operational risk.*

*Within the framework of this project, a generic assessment method is believed to be promising. This method should allow to meet the new prudential supervisory framework without imposing constraints on specific processes, but by promoting the enhancement of the know-how of financial institutions, their providers (of advice, products and services), as well as of supervisory authorities.*

*The method envisaged allows, in the long run, to assess all types of organisations through the **maturity of processes** (based on ISO 15504) and can thus be implemented by financial institutions to assess the maturity of the operational risk management as well as business lines.*

*The current results of the project, applied within the scope of Pillar 2 of Basel II, would allow the CSSF to obtain an objective assessment of the operational risk management model submitted by institutions.*

*The advantage of this method lies in the normative assessment that leads to coherent results and allows it, as a consequence, to be carried out by a third party to define the capability level of an institution to manage its operational risks.*

*It is also possible to carry out a self-assessment by or on behalf of an institution to define the relevance of its own processes and to improve them, for a particular purpose or for a whole set of requirements (Pillar 1 of Basel II).*

*The methods also provides for the assessments to be based on questionnaires, which should be set up in a transparent manner and in co-operation with the financial market participants concerned.*

*Within the context of the GRIF project, and of Pillar 2 as an example, the objectives of the New Basel Accord’s respectively of the CAD III Directive should be clarified within the questionnaires allowing thus coherent assessments that are repeatable.*

*Further information is available on the CSSF website [www.cssf.lu](http://www.cssf.lu).*

## LIST OF BANKS

### Change of name:

Landesbank Rheinland-Pfalz, Mainz (Germany), Niederlassung Luxemburg  
into  
**LRP Landesbank Rheinland-Pfalz, Mainz (Germany), Niederlassung Luxemburg**

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

### New institutions:

#### **FARAD INVESTMENT ADVISOR S.A.**

49, boulevard Royal, L-2449 Luxembourg  
Broker  
Ministerial authorisation of 26 May 2005

#### **LOGIVER S.A.**

12, rue Jean Engling, L-1466 Luxembourg  
Financial advisor  
Ministerial authorisation of 10 May 2005

### Withdrawals:

#### **GMI-CONSEIL EN VALEURS MOBILIERES INTERNATIONALES S.A.**

Withdrawal of 31 May 2005

#### **BACHE FINANCIAL LIMITED, Londres (United Kingdom), succursale de Luxembourg**

Withdrawal on 24 May 2005

#### **J.P. MORGAN FLEMING ASSET MANAGEMENT (EUROPE) S.à r.l.**

Withdrawal with effect on 26 April 2005

### Change of address:

#### **ASSOCIATION MUTUALISTE DES FONCTIONNAIRES DES ORGANISATIONS INTERGOUVERNEMENTALES AYANT LEUR SIEGE OU DES BUREAUX PERMANENTS EN EUROPE**

in abbreviated form "AMFIE Société Coopérative"  
25A, boulevard Royal, L-2449 Luxembourg

## LIST OF MANAGEMENT COMPANIES

### New companies:

#### **FIRSTNORDIC FUND MANAGEMENT COMPANY S.A.**

2, rue du Fossé  
L-1536 Luxembourg

#### **JPMORGAN ASSET MANAGEMENT (EUROPE) S.à r.l.**

6, route de Trèves  
L-2633 Senningerberg

#### **CR FIRENZE GESTION INTERNATIONALE S.A.**

9-11, rue Goethe  
L-1637 Luxembourg

## LIST OF LIABILITY MANAGERS

### New manager:

#### **AXA ASSURANCES VIE LUXEMBOURG S.A.**

7, rue de la Chapelle

L-1325 Luxembourg

## LIST OF INVESTMENT COMPANIES IN RISK CAPITAL (SICAR)

### New company:

#### **PARTNERS GROUP EUROPEAN MEZZANINE 2005 S.C.A., SICAR**

40, avenue Monterey

L-2163 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 **April 2005**

### Registrations

- UNIGARANTTOP: EUROPA II; 308, route d'Esch; L-1471 Luxembourg
- DWS DIVIDENDEN KICK; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- ADIG TOTAL RETURN BOND; 25, rue Edward Steichen; L-2540 Luxembourg
- ALLIANZ GLOBAL INVESTORS INDEXPLUS; 6A, route de Trèves; L-2633 Senningerberg
- PLATINUM PORTFOLIO; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- VAM FUNDS (LUX); 26, avenue de la Liberté; L-1930 Luxembourg
- UNIGARANT: GLOBAL TITANS 50 (2011); 308, route d'Esch; L-1471 Luxembourg
- AGI EAST ASIA GROWTH FUND; 6A, Circuit de la Foire Internationale; L-1347 Luxembourg
- FUNDO; 14, boulevard Royal; L-2449 Luxembourg
- ARCHITUS INVESTMENT SOLUTIONS; 1C, Parc d'activité Syrdall; L-5365 Munsbach
- LUXPRO; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- NOMURA FUNDS; 6, avenue Emile Reuter; L-2420 Luxembourg
- DEUTSCHE AKTIEN TOTAL RETURN; 1C, Parc d'activité Syrdall; L-5365 Munsbach
- HSH N SICAV; 1C, Parc d'activité Syrdall; L-5365 Munsbach
- PHAROS REAL ESTATE FUND; 50, avenue J-F Kennedy; L-1855 Luxembourg
- FRANKLIN TEMPLETON EUROPEAN FUND OF FUNDS; 26, boulevard Royal; L-2449 Luxembourg
- THE ENDURANCE REAL ESTATE FUND FOR CENTRAL EUROPE; 69, route d'Esch; L-1470 Luxembourg
- MULTIMANAGER CHANCE; 25, rue Edward Steichen; L-2540 Luxembourg
- RETURN SOLUTIONS; 21, avenue de la Liberté; L-1931 Luxembourg

### Withdrawals

- EUFI-GLOBAL; 2, place de Metz; L-1930 Luxembourg
- ACM U.S. GROWTH STRATEGIES FUND; 40, avenue Monterey; L-2163 Luxembourg
- CITIGARANT; 58, boulevard Grande-Duchesse Charlotte; L-1330 Luxembourg
- MPF TWO LIMITED; 49, avenue J-F Kennedy; L-1855 Luxembourg
- ADIG WELTPLUS STRATEGIE 4/2005; 25, rue Edward Steichen; L-2540 Luxembourg
- DA MULTIWERTE FUND; 14, boulevard Royal; L-2449 Luxembourg
- VEGA FUND SICAV; 4, boulevard Royal; L-2449 Luxembourg
- BL KINGFISHER FUND OF FUNDS; 14, boulevard Royal; L-2449 Luxembourg
- UNIEUROKAPITAL CORPORATES II; 308, route d'Esch; L-1471 Luxembourg
- UNISHORTTERMBOND; 308, route d'Esch; L-1471 Luxembourg

# Financial centre

Main updated figures regarding the financial centre:

Number of banks: **161** (31 May 2005)

Balance sheet total: **EUR 725.008 billion** (30 April 2005)

Profit before provision: **EUR 1.111 billion** (31 March 2005)

Employment: **22,711 people** (31 March 2005)

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Number of UCIs: **2,003** (10 June 2005)

Total net assets: **EUR 1,197.141 billion** (30 April 2005)

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Number of SICARs: **12** (31 May 2005)

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Number of pension funds: **13** (31 May 2005)

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Number of management companies: **36** (31 May 2005)  
(Chapter 13 of the Law of 20 December 2002)

Employment: **617 people** (31 March 2005)

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Number of PFS: **172** (31 May 2005)

Balance sheet total: **EUR 52.894 billion** (30 April 2005)

Net profit: **EUR 162.701 million** (30 April 2005)

Employment: **6,160 people** (31 March 2005)

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Number of securitisation vehicles: **2** (31 May 2005)

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Total employment in the supervised establishments: **29,124 people** (31 Dec. 2004)

Total employment in the supervised establishments: **29,488 people** (31 March 2005)

## CSSF Newsletter

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