

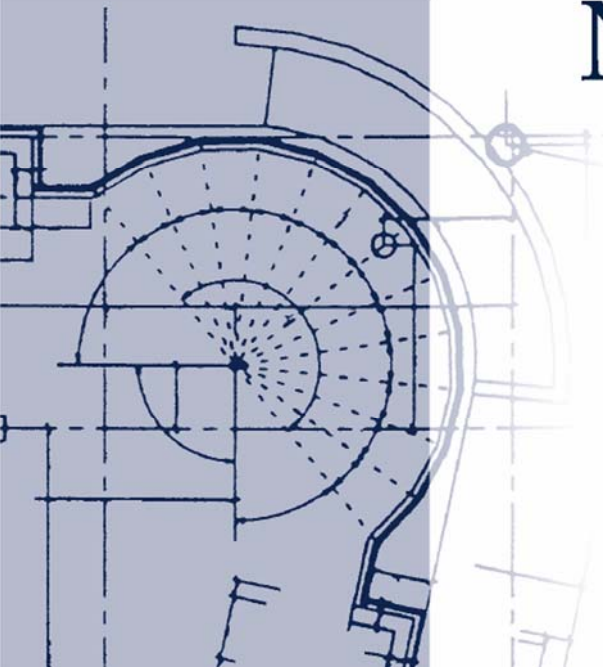
N°54

July 2005



CSSF NEWSLETTER

COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER



CSSF's annual report available in English

The full English Version of the CSSF's annual report 2004 is available for download on the CSSF's website in the section "[Publications](#)".

New agents

Swearing-in of new CSSF agents

The CSSF increased its staff by recruiting seven *employés de l'Etat*: one legal expert, five economists and one agent in the *carrière moyenne*.

They were sworn in by Mr Jean-Nicolas Schaus, Director General of the Commission de Surveillance du Secteur Financier on 1 July 2005 and have been assigned to the various departments of the CSSF, which now counts 220 agents, of whom 109 are men and 111 women.

Department Supervision of Undertakings for Collective Investment

André SCHROEDER

Department General Secretariat

Anne WAGENER

Department Supervision of Securities Markets

Andrea HARIS

Jerry OSWALD

David SCHMITZ

Olivier WEINS

Maureen WIWINIUS

Statistics

Banks

Slight increase in the banks' balance sheet total as at 31 May 2005

As at 31 May 2005, the balance sheet total of the banks established in Luxembourg reached EUR 733.92 billion as compared to EUR 725.01 billion as at 30 April 2005, which is an increase of 1.23%.

Following the withdrawals of Banca Sella S.p.A., Biella (Italy), succursale de Luxembourg, American Express Bank (Luxembourg) S.A. and that of Crédit Lyonnais Luxembourg S.A. following its merger with Crédit Agricole Luxembourg, the number of banks registered on the official list as at 1 July 2005 reached 158 entities.

Professionals of the financial sector (PFS)

Slight decrease in the balance sheet total

The balance sheet total of all the professionals of the financial sector (172 active businesses) amounts to EUR 52.422 billion as at 31 May 2005, against EUR 52.894 billion in the previous month, which represents a decrease of 0.89% over a month.

This drop is partly due to the fact that one major player gave up its PFS status to take on that of a management company subject to chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment.

Net provisional profit of these PFS reached EUR 268.95 million as at 31 May 2005 (172 active businesses), against EUR 212.79 million as at 31 May 2004 (158 active businesses).

Distribution of the professionals of the financial sector according to status

(as at 30 June 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	9
Brokers	COU	6
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	11
Administrative agents of the financial sector	AA	7
IT systems and communication networks operator of the financial sector	IT	16
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
TOTAL*		176

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

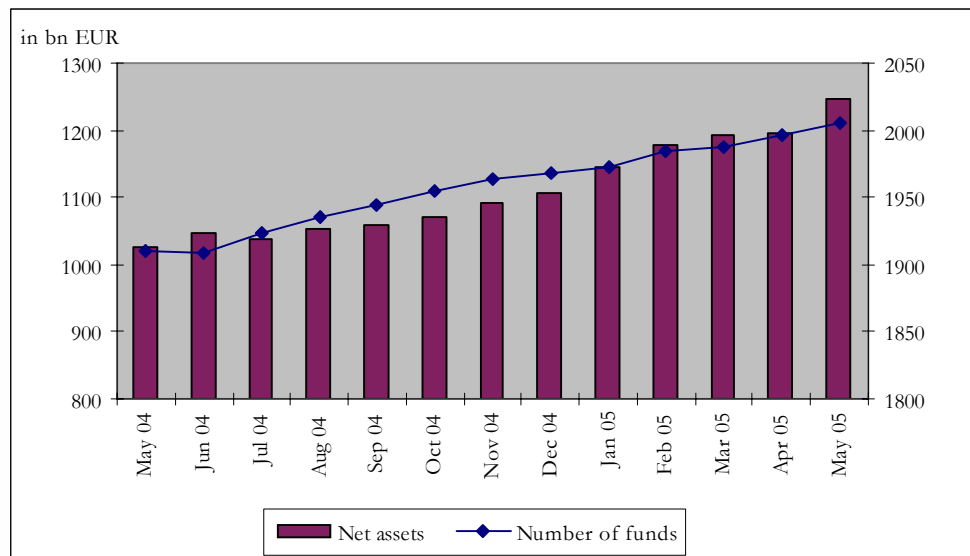
Undertakings for collective investment

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

As at 31 May 2005, the total net assets of undertakings for collective investment reached EUR 1,247.407 billion compared to EUR 1,197.141 billion as at 30 April 2005. The Luxembourg undertakings for collective investment sector increased by 4.20% compared to April 2005. This growth is due to the rise of the main stock markets and the development of the American dollar against the Euro. In May 2005, the sector increased by 12.76% 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 21.50%.

During the month of May 2005, net capital investment amounted to EUR 10.879 billion. Compared to 31 December 2004, net capital investment totals EUR 82.932 billion.

The number of undertakings for collective investment taken into consideration totals 2,005 as against 1,996 in the previous month. A total of 1,252 UCIs have adopted the multiple compartment structure, which represents 7,354 compartments. When adding 753 UCIs with a traditional structure to the previous figure, a total of 8,107 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:

- ERSEL GESTION INTERNATIONALE S.A.,
- ING INVESTMENT MANAGEMENT LUXEMBOURG S.A.,
- UBS RESPONSIBILITY FUND MANAGEMENT COMPANY S.A..

These three management companies 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 39 as at 30 June 2005.

Legislation

Implementation of the law of 10 July 2005 on prospectuses for securities and Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council

The law of 10 July 2005 on the prospectuses for securities was passed by the *Chambre des Députés* on 29 June 2005 and published in *Mémorial A* No. 98 of 12 July 2005.

It lays down a framework for the drawing up, scrutiny and distribution of prospectuses to be published where transferable securities are offered to the public or admitted to trading on a regulated market.

This law transposes, among others, Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (“Prospectus Directive”) and amending Directive 2001/34/EC into Luxembourg law. The transposition of the Prospectus Directive entails that the provisions laid down by the law of 23 December 1998 on the supervision of securities markets and relating to the prospectuses to be published when securities are offered to the public and/or admitted to official listing (implemented by Grand Ducal Regulation of 28 December 1990 on the requirements for the drawing-up, scrutiny and distribution of the prospectus to be published where transferable securities are offered to the public or of listing particulars to be published for the admission of transferable securities to official stock exchange listing), are repealed.

Moreover, some provisions relating to the prospectuses and other requirements laid down by the law of 30 March 1988 on undertakings for collective investment, the law of 20 December 2002 on undertakings for collective investment, the law of 15 June 2004 on investment companies in risk capital and the law of 10 August 1915 concerning commercial companies, are amended.

At the same time, Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing the Prospectus Directive as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, enters into force in Luxembourg on 1 July 2005. This European Regulation plays an important part as regards the implementation of the law on prospectuses for securities, as it mainly lays down detailed information to include in a prospectus. It also contains many provisions governing the modalities concerning the prospectus to be drawn up for offering programmes, an international market segment in which the Luxembourg Stock Exchange has specialised in the last twenty years.

The purpose of the Prospectus Directive is to allow companies to raise capital across the European Union more easily and at lower costs, based on a single approval of the home Member State's authority. It also aims at strengthening investor protection by guaranteeing that all prospectuses, wherever they are issued and approved within the European Union, provide investors with the clear and comprehensive information they need to take their investment decisions.

CESR's Chairmen took account of this objective and the direct application of the rights the Prospectus Directive confers on certain persons, and agreed, during their meeting from 27 to 28 June 2005, to **apply the new regime** provided by the Prospectus Directive **as from 1 July 2005**, as far as the European passport that the Prospectus Directive grants to the issuer, offeror or person asking for the admission to trading on a regulated market of securities is concerned, even if some Member States have not yet transposed the Prospectus Directive into their national legislation.

The Prospectus Directive also sets down, at European level, a harmonised definition of "offer of securities to the public", which Luxembourg has fully integrated in the law on prospectuses for securities, thereby introducing for the first time a **definition of an offer to the public** in Luxembourg. Indeed, Luxembourg has always adopted a pragmatic approach regarding this notion, taking into account certain criteria such as the solicitation method of the public, which allowed to categorise a large part of placements as private placements. The law on prospectuses for securities introduces a broad definition, which is also applicable to the placing of securities through financial intermediaries.

With the transposition of the Directive underlying the law on prospectuses for securities, Luxembourg decided to introduce a regime allowing to cover offers to the public and admissions to trading on a regulated market of securities subject to Community rules (Part II of the law on prospectuses for securities), offers to the public and admissions to trading on a regulated market of securities not subject to Community rules (Part III) and admissions to trading on a Luxembourg market not set out on the list of regulated markets published by the European Commission (Part IV).

Thus, prospectuses drawn up in accordance with Part II of the law on prospectuses for securities (Community scope) will be able to benefit from a **single European passport**, meaning that a prospectus, once approved for public offers or admission to trading on a regulated market by the competent authority in Luxembourg, the CSSF, must be accepted anywhere across the European Union. Conversely, prospectuses benefiting from the European passport on account of their approval by the competent authority of another EU Member State, are allowed to proceed to an offer to the public or admission to trading on a regulated market in Luxembourg by way of a simple notification.

Part II of the law on prospectuses for securities (Community scope) implements the principle of the **home Member State** that designates the authority competent for the approval of a prospectus. Thus, an issuer of shares having its statutory office in Luxembourg, shall have its prospectus, drawn up for an offer to the public or admission to trading on a regulated market approved by the CSSF, even if admission was only requested for trading on a non-Luxembourg regulated market.

As the Prospectus Directive lays down that approval shall be granted by a central competent administrative authority, independent from all market participants, while providing for the possibility to delegate within a limited time period, Luxembourg opted for a stable solution over time, which entails the **transfer of competences as from 1 July 2005** in relation with the prospectuses drawn up in accordance with Part II of the law on prospectuses for securities (Community scope) and Chapter I of Part III of the law on prospectuses for securities (public offers not falling under the Community scope) from the Luxembourg Stock Exchange to the CSSF.

This approval will however be subject to the compliance with common European standards relating to the content of **information** to be published and the modalities of publication. Detailed information to be included in the prospectus for securities (Community scope) are defined by Commission Regulation (EC) No 809/2004 of 29 April 2004, which notably follows the principles laid down by IOSCO (International Organisation of Securities Commissions) and the accounting standards IAS/IFRS. As regards the modalities of publication, publication in electronic form is required.

The **technical specifications as regards communications to the CSSF** for both categories of prospectuses will be laid down by way of a circular which is soon to be published by the CSSF. This Circular will provide, among other things, that the filing of prospectus to be approved by the CSSF will be mainly made through the communication platform e-file or via e-mail (prospectus@e-file.lu), where the necessary e-file connection is not yet available. As regards the applications for approval, the CSSF has asked the Luxembourg Stock Exchange to carry out a prior analysis of the projects and to forward its position to the CSSF in the form of a report. The CSSF, on the basis of the information and documents provided, will conduct an examination before approving the prospectus, where applicable.

The CSSF has also planned to publish another circular that will provide a more general description of the main changes introduced by the law on the prospectuses for securities.

Finally, the law on the prospectuses for securities introduces a special regime for prospectuses drawn up for admission of securities to trading on a Luxembourg market that is not set out on the list of regulated markets published by the European Commission. Such a **new market** is actually created following a growing number of requests of the industry caused by the introduction of current and future legislative changes through the transposition of the European Directives on securities markets. Details concerning the new market will be incorporated by means of amendments to the Rules and Regulations of the Luxembourg Stock Exchange.

International Co-operation

Works of the Committee of European Banking Supervisors

The Committee of European Banking Supervisors (“CEBS”) published a set of consultation papers, as well as requests for technical advice received from the European Commission.

These documents are available for download at http://www.c-ebs.org/Consultation_papers/consultationpapers.htm, respectively <http://www.c-ebs.org/advice/advice.htm>.

The first consultation paper, entitled “Application of the Supervisory Review Process under Pillar 2 (CP 03 revised)” is a revised and expanded version of the first CP 3 consultation paper on Pillar 2 released in 2004. The revised CP 03 consultation paper has redrafted some proposals to include the responses received by the industry to the first consultation. The document entitled “CP 03 Feedback paper” presents a summary of the key points arising in the first consultation, as well as the changes made to the revised CP 03 in order to take into account these comments. The consultation period will close on 21 October 2005 and comments should be sent to the following address: CP03@c-ebs.org.

The second consultation paper entitled “Recognition of External Credit Assessment Institutions (CP 07)” establishes guidelines as regards the recognition of credit rating agencies in relation with the Directives aimed at transposing Basel II into EU legislation. Indeed, the new European legislation on capital adequacy will notably allow banks to use, for the purpose of determining the risk weights, external credit assessments produced by External Credit Assessment Institutions (ECAIs), provided they have been recognised by as eligible by the supervisory authorities. The paper illustrates the convergence that supervisory authorities have been able to achieve on both the procedural and substantive aspects of ECAI recognition. The consultation period will run until 30 September 2005 and comments should be sent to the following address: CP07@c-ebs.org.

The third consultation paper relates to CEBS’ role and tasks and takes stock of the experience gained by the Committee over the first year of its existence. Furthermore, the paper explains CEBS’ overall approach to meeting its main objectives, as well as the tools at its disposal. The public consultation closes on 28 October 2005. Comments can be sent to the following address: CP08@c-ebs.org.

The fourth consultation paper, entitled “Supervisory cooperation for Cross-border Banking and Investment Firm Groups (CP 09)” relates to the cooperation of supervisory authorities as regards the banking groups or investment firms operating on a cross-border basis. CEBS’ guidelines aim at responding to the new provisions of the future EU legislation implementing Basel II with respect to the enhanced cooperation between supervisory authorities. Indeed, through enhanced cooperation between supervisory authorities, the guidelines aim to avoid any excessive supervisory burden on groups that operate on a cross-border basis resulting from the coexistence of supervisory mechanisms. Furthermore, these guidelines aim to develop a more coordinated, integrated and risk-based approach between supervisory authorities involved in the supervision of such a group and to respond to the increased integration of financial markets and the developments that aim to achieve centralisation of risk management within a banking group or investment firms. Public consultation will close on 8 November 2005 and comments can be sent to the following address: CP09@c-eps.org.

A further consultation documents, entitled “Guidelines on the implementation, validation and assessment of Advanced Measurement (AMA) and Internal Ratings Based (IRB) Approaches (CP 10)” contains the first phase of a common understanding among CEBS member authorities of the procedures to be used for the authorities’ approval process of the AMA and IRB approaches of the credit institutions or investment firms, as referred to under the Directive recasting 2000/12/EC and 93/6/EEC. The main objectives of the first consultative paper in this field are to organise the approval process, notably for cross-border groups, as well as to guarantee the competitive neutrality for institutions using the advanced approaches. Public consultation will close on 30 October 2005 and all the comments should be sent to the following address: CP10@c-eps.org.

Moreover, the European Commission invited CEBS to provide technical advice on deposit guarantee systems and the definition of own funds. Interested parties are invited to provide initial comments by e-mail to info@c-eps.org.

LIST OF BANKS

Withdrawals:

American Express Bank (Luxembourg) S.A.

Withdrawal on 17 June 2005.

Banca Sella S.p.A., Biella (Italie), succursale de Luxembourg

Withdrawal on 24 June 2005.

Crédit Lyonnais Luxembourg S.A.

Withdrawal on 1 July 2005.

Change of name:

Crédit Agricole Indosuez Luxembourg

into

Crédit Agricole Luxembourg

LIST OF PROFESSIONALS OF THE FINANCIAL SECTOR (PFS)

AMERICAN EXPRESS FINANCIAL SERVICES (LUXEMBOURG) S.A.

74, Mühlenweg, L-2155 Luxembourg

Administrative agent of the financial sector

Ministerial authorisation of 17 June 2005

COMPUTER TASK GROUP LUXEMBOURG PSF S.A. ,

in abbreviated form « CTG LUXEMBOURG PSF S.A. »

10A, ZA de Bourmicht, L-8070 Bertrange

Operator of IT systems and communication networks of the financial sector

Ministerial authorisation of 20 June 2005

SUN MICROSYSTEMS FINANCIAL SECTOR S.A R.L.

77-79, Parc d'Activités, L-8308 Capellen

Operator of IT systems and communication networks of the financial sector

Ministerial authorisation of 28 June 2005

XEROX LUXEMBOURG S.A.

15, rue de l'Industrie, L-8005 Bertrange

Client communication agent and operator of IT systems and communication networks of the financial sector

Ministerial authorisation of 15 June 2005

Withdrawal:

CREDIT LYONNAIS MANAGEMENT SERVICES (LUXEMBOURG) S.A.

in abbreviated form « C.L.M.S. (LUXEMBOURG) S.A. »

Withdrawal on 1 July 2005

Change of name:

IKB CORPORATELAB S.A.

into

IKB FINANCIAL PRODUCTS S.A.

12, rue Erasme, L-1468 Luxembourg

Changes of address:

CAPITAL @ WORK INTERNATIONAL S.A.

75, Parc d'activité de Capellen, L-8308 Capellen

STERIA PSF LUXEMBOURG S.A.

145, rue du Kiem, L-8030 Strassen

LIST OF MANAGEMENT COMPANIES

New companies:

UBS RESPONSIBILITY FUND MANAGEMENT COMPANY S.A.

291, route d'Arlon
L-1150 Luxembourg

ERSEL GESTION INTERNATIONALE S.A.

39, Allée Scheffer
L - 2520 Luxembourg

ING INVESTMENT MANAGEMENT LUXEMBOURG S.A.

52, route d'Esch
L - 1470 Luxembourg

LIST OF INVESTMENT COMPANIES IN RISK CAPITAL (SICAR)

New companies:

ADVANCED RISK PRIVATE EQUITY SÀRL SICAR

19-21, boulevard du Prince Henri, L-1724 Luxembourg

AERIS TECHNOLOGY INVESTMENT COMPANY S.A., SICAR

20, boulevard Emmanuel Servais, L-2535 Luxembourg

DE AGOSTINI S.A. SICAR

12, avenue de la Liberté, L-1930 Luxembourg

TELECOM VENTURES PARTNERS LUX S.C.A.

11, rue Aldringen, L-1118 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 **May 2005**

Registrations

- DEKA-OPTINET 2/2007: E; 5, rue des Labours; L-1912 Luxembourg
- MEESPIERSON PRIVATE REAL ESTATE FUND; 50, avenue J-F Kennedy; L-1855 Luxembourg
- GIP INVEST; 1C, Parc d'activité Syrdall; L-5365 Munsbach
- CREDIT SUISSE SICAV II (LUX); 5, rue Jean Monnet; L-2180 Luxembourg
- VAN DER HOOP BANKIERS SICAV; 28, avenue Monterey; L-2163 Luxembourg
- MERRILL LYNCH GLOBAL INVESTMENT SERIES II; 49, avenue J-F Kennedy; L-1855 Luxembourg
- UBS SECTOR PORTFOLIO; 291, route d'Arlon; L-1150 Luxembourg
- SUPERFUND OF HEDGE FUNDS SICAV; 1A, Heienhaff; L-1736 Senningerberg
- SAMBA CHINA OPPORTUNITIES FUND; 6, avenue Emile Reuter; L-2420 Luxembourg
- PENSIONPROTECT; 4, rue Alphonse Weicker; L-2721 Luxembourg
- H-PORT; 2, place Dargent; L-1413 Luxembourg
- AQUILA CAPITAL HEDGE; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- ADIG PRIVATEOPTIMUM; 25, rue Edward Steichen; L-2540 Luxembourg
- NV STRATEGIE FONDS; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- DWS DOLLARCHANCE GARANT; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- LI INVEST FONDS; 7, boulevard du Prince Henri; L-1724 Luxembourg
- Q FUND; 19-21, boulevard du Prince Henri; L-1724 Luxembourg
- BAYERNLB HEDGE FONDS; 3, rue Jean Monnet; L-2180 Luxembourg
- ALTIMUM; 25, rue Edward Steichen; L-2540 Luxembourg
- DB PLATINUM III; 69, route d'Esch; L-1470 Luxembourg
- EUROPEAN CARBON FUND; 12, avenue de la Liberté; L-1930 Luxembourg
- JULIUS BAER MULTIOPPORTUNITIES; 69, route d'Esch; L-1470 Luxembourg

Withdrawals

- LION OBLILUX; 39, allée Scheffer; L-2520 Luxembourg
- VETINVEST; 14, boulevard Royal; L-2449 Luxembourg
- INTERFINANCE; 2, place de Metz; L-1930 Luxembourg
- H & A LUX CASH; 21, avenue de la Liberté; L-1931 Luxembourg
- ALTAE INTERNACIONAL SICAV; 39, allée Scheffer; L-2520 Luxembourg
- CIHAC FUND; 33, boulevard du Prince Henri; L-1724 Luxembourg
- WOOD & COMPANY SICAV; 40, avenue Monterey; L-2163 Luxembourg
- A.L.S.A.-JAPAN PLUS 5/2005; 25, rue Edward Steichen; L-2540 Luxembourg
- EURO NEW ECONOMY FUND; 69, route d'Esch; L-1470 Luxembourg
- ACTIVEST LUX VM EURORENT; 4, rue Alphonse Weicker; L-2721 Luxembourg
- TKE FUND; 33, boulevard du Prince Henri; L-1724 Luxembourg
- DWS FLEX SICAV; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- DIT-LAUFZEITFONDS 02/2006; 6A, route de Trèves; L-2633 Senningerberg

Financial centre

Main updated figures regarding the financial centre:

Number of banks: **158** (1 July 2005)

Balance sheet total: **EUR 733.921 billion** (31 May 2005)

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

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

Number of UCIs: **2,020** (11 July 2005)

Total net assets: **EUR 1,247.407 billion** (31 May 2005)

Number of SICARs: **16** (30 June 2005)

Number of pension funds: **13** (30 June 2005)

Number of management companies: **39** (30 June 2005)
(Chapter 13 of the Law of 20 December 2002)

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

Number of PFS: **176** (30 June 2005)

Balance sheet total: **EUR 52.422 billion** (31 May 2005)

Net profit: **EUR 268.95 million** (31 May 2005)

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

Number of securitisation vehicles: **2** (30 June 2005)

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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