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du SECTEUR FINANCIER

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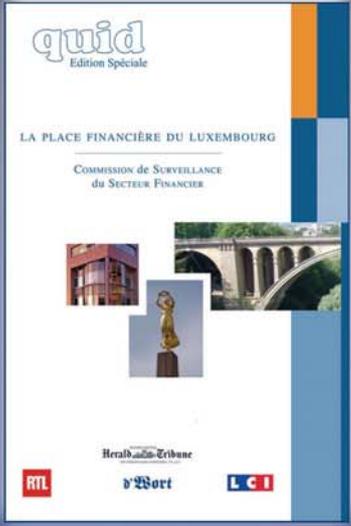


The encyclopedia QUID has published a special edition on the Luxembourg financial centre (only available in French)



# LA PLACE FINANCIÈRE DU LUXEMBOURG

## COMMISSION DE SURVEILLANCE du SECTEUR FINANCIER



**L'**édition spéciale de l'encyclopédie renommée QUID portant sur la Place Financière du Luxembourg donne l'occasion de présenter à un large public la place financière luxembourgeoise, son histoire, ses acteurs et ses projets d'avenir. L'objectif est ici de mettre à l'honneur les grands acteurs de La Place Financière du Luxembourg au niveau européen et international.

**Avant-propos de Monsieur Jean-Claude Juncker**



Monsieur Jean-Claude Juncker, Premier ministre, ministre des Finances du Grand-Duché de Luxembourg

Identité internationale de la place financière luxembourgeoise. L'œuvre multiple. Pour les particuliers, elle est devenue synonyme de confiance et de placement. Les entreprises internationales la considèrent comme un véritable paradis fiscal. Les investisseurs institutionnels y voient un lieu de confiance et de sécurité. Les acteurs du secteur financier y ont fait de la place financière luxembourgeoise un lieu de confiance et de sécurité. Les acteurs du secteur financier y ont fait de la place financière luxembourgeoise un lieu de confiance et de sécurité.

**Avant-propos de Monsieur Luc Frieden**



Monsieur Luc Frieden, ministre du Trésor et du Budget du Grand-Duché de Luxembourg

Historique de l'évolution de la place financière de Luxembourg en tant que lieu de confiance et de sécurité. Les acteurs du secteur financier y ont fait de la place financière luxembourgeoise un lieu de confiance et de sécurité.

**Editorial**



La Commission de Surveillance du Secteur Financier (CSSF) est chargée de la surveillance et du développement de la place financière de Luxembourg dans un cadre réglementaire européen et international.

**Le Grand-Duché de Luxembourg se présente**

Le Grand-Duché de Luxembourg a hérité pendant la deuxième moitié du vingtième siècle des meilleures performances économiques en Europe (croissance soutenue, stabilité des prix, chômage faible, etc.). Ces succès ont été obtenus grâce à une politique économique prudente et à une gestion rigoureuse des finances publiques.

Partenaires médias



## STATISTICS

### ■ BANKS

#### Slight decrease in the banks' balance sheet total as at 31 August 2006

As at 31 August 2006, the balance sheet total of the banks established in Luxembourg reached EUR 824.367 billion as compared to EUR 829.637 billion as at 31 July 2006, which is a slight decrease of 0.6%.

Following the registration on the official list of Industrial and Commercial Bank of China Luxembourg S.A. and the withdrawal of Merrill Lynch International Bank Limited, London (United Kingdom), succursale de Luxembourg, the number of banks registered on the official list as at 30 September 2006 remained unchanged at 154 entities.

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

#### Overall positive development of PFS as at 31 August 2006

The **balance sheet total** of all the PFS (198 active businesses) amounted to EUR 68.426 billion as at 31 August 2006 against EUR 66.920 billion in the previous month, which represents an increase of 2.25 % over a month.

**Provisional net profit** of the 198 PFS reached EUR 384.68 million at the end of August 2006, i.e. a 33.73% increase as against the EUR 287.65 million net profit recorded as at 31 July 2006 and a 19.13% increase as against the EUR 322.92 million net profit of 31 August 2005 (179 active businesses).

The breakdown of this provisional profit at the end of August 2006 shows that all categories of PFS improved their results as against July 2006. As for PFS categories considered individually, it is noteworthy that the category of professional custodians of securities or other financial instruments (3 entities) has recorded the most significant growth as compared to the previous month, and that this category thus ranks first, with a total profit of EUR 179.05 million, followed by the category of distributors of investment fund units/shares (33 entities) whose total net profit reached EUR 98.92 million as at 31 August 2006.

Distribution of the professionals of the financial sector according to status (as at 30 September 2006)

Category		Number
<i>Investment firms</i>		
Commission agents	COM	10
Private portfolio managers	GF	47
Professionals acting for their own account	PIPC	13
Distributors of units of investment funds	DIST	31
Underwriters	PF	2
Professional custodians of securities or other financial instruments	DEP	3
Registrar and transfer agents	ATR	12
<i>PFS other than investment firms</i>		
Financial advisors	COF	13
Brokers	COU	7
Market makers	TM	1
Currency exchange dealer	CHES	0
Debt recovery	RECO	2
Professionals performing credit offering	POP	6
Professionals performing securities lending	PPT	1

## STATISTICS

Administrators of collective savings funds	AFCE	1
Domiciliation agents of companies	DOM	50
Client communication agents	ACC	14
Administrative agents of the financial sector	AA	16
IT systems and communication networks operator of the financial sector	IT	34
Professionals performing services of setting up and of management of companies	PCG	4
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>195</b>

\* the same establishment can appear in several categories

### ■ MANAGEMENT COMPANIES

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

The CSSF has registered one new management companies on the official list of management companies governed by chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment, namely:

- **VPB Finance S.A.** The company will be active in the field of collective management, discretionary management and investment advice.

Following this approval, the number of management companies governed by chapter 13 of the law of 20 December 2002 relating to 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 a EU Member State amounts to 137 as at 11 October 2006.

## PRESS RELEASE

### ■ GLOBAL SITUATION OF UNDERTAKINGS FOR COLLECTIVE INVESTMENT AT THE END OF AUGUST 2006

#### *Assets under management rise to new record*

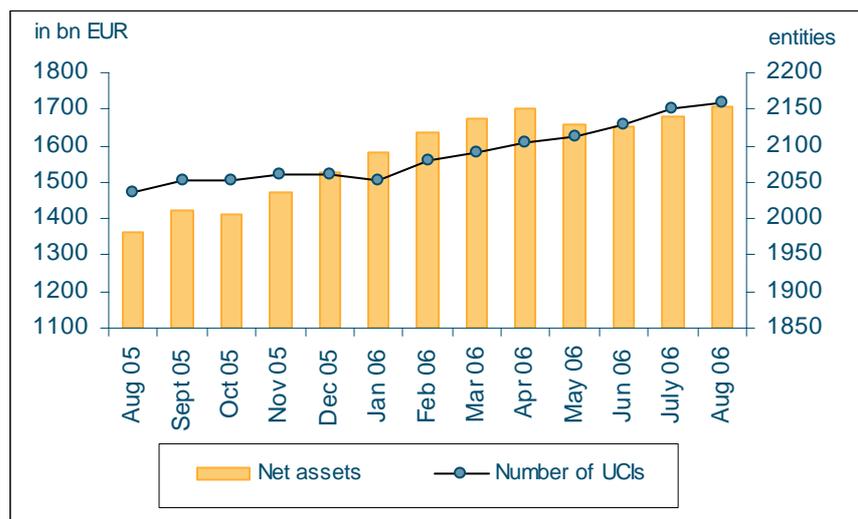
*Press release of 3 October 2006*

*As at 31 August 2006, total net assets of undertakings for collective investment reached EUR 1,707.406 billion compared to EUR 1,679.518 billion as at 31 July 2006. The Luxembourg undertakings for collective investment sector increased by 1.66% compared to July 2006. This growth is mainly due to the rise in the main stock markets, as well as to the inflow of new capital. In August 2006, the sector increased by 11.95% compared to 31 December 2005 when the total net assets amounted to EUR 1,525.208 billion. Over the last twelve months, the volume of net assets rose by 25.45%.*

## PRESS RELEASE

During the month of August 2006, net capital investment amounted to EUR 7.437 billion. Compared to 31 December 2005, net capital investment totals EUR 178.501 billion.

The number of undertakings for collective investment taken into consideration totals 2,158 as against 2,150 in the previous month. A total of 1,352 UCIs have adopted the multiple compartment structure, which represents 8,252 compartments. When adding 806 UCIs with a traditional structure to the previous figure, a total of 9,058 compartments are active in the financial centre.



### ■ PUBLICATION OF THE 2005 IMPACT STUDY OF THE FINANCIAL CENTRE

Press release of 29 September 2006

The "Etude d'impact de l'industrie financière sur l'économie luxembourgeoise" (Impact study of the financial industry on the Luxembourg economy), has been updated with the 2005 figures, and is available on the CSSF website ([http://www.cssf.lu/uploads/media/Texte\\_Etude\\_impact\\_2005.pdf](http://www.cssf.lu/uploads/media/Texte_Etude_impact_2005.pdf), in French).

The objective of this study, which updates and supplements the 2004 version, is to analyse the evolution of the financial industry's significance in the Luxembourg economy, taking into account these four elements: income, added value, employment and the share in state tax revenue.

The study considers the contribution of all aspects of the financial industry: banking activity, UCI activity, insurance and reinsurance activity and activity of the professionals of the financial sector.

The analysis is based on a global approach and does not aim for absolute accuracy, but purports to appraise not only the direct, but also the indirect impact of the different players on the economy.

## NATIONAL REGULATION

### **Circular CSSF 06/260 of 27 September 2006 on the implementation, validation and assessment of the internal ratings-based approach (IRB approach) and the advanced measurement approaches (AMA) within the framework of the new capital adequacy rules**

The first aim of the circular is to explain the implementation, validation and assessment of the internal ratings-based approach (IRB approach) for determining the minimum capital requirements for credit risk as described in articles 84 to 89 of Directive 2006/48/EC, as well as of the advanced measurement approach (AMA) for determining the minimum capital requirements for operational risk as described in article 105 of Directive 2006/48/EC.

In this context, the circular refers to guidelines no. 10 (“guidelines 10” or “GL10”), published on 4 April 2006 by the Committee of European Banking Supervisors (CEBS).

This document not only reflects an agreement between the competent European supervisors on the procedures as regards processing, assessment and decision-making regarding applications for permission to use internal ratings-based approaches or advanced measurement approaches (AMA), but it is also a common denominator as regards the interpretation and implementation of the minimum requirements described in Directive 2006/48/EC.

The second objective of the circular is to describe in concrete terms the authorisation procedure for the above approaches. Indeed, the application for permission referred to in article 129(2) of Directive 2006/48/EC shall be submitted only to the authority competent for the consolidated supervision of the EU institutions that wish to use the IRB or AMA approaches. The circular then specifies the cases in which the CSSF is the competent authority. If so, the requirements set forth in the second and third annexes to the circular, which lay down the minimum content of the application file to submit to the CSSF for the IRB or AMA approach, shall be complied with.

## INTERNATIONAL REGULATION

### **The Basel Committee on banking supervision has published two documents concerning its works on accounting and auditing in June 2006**

The first document, entitled “**Supervisory guidance on the use of the fair value option for financial instruments by banks**” informs the banks that use the fair value option on the appropriate and sound processes as regards risk management and controls. Furthermore, the document provides guidelines for prudential supervisory authorities for the assessment of risk management, control mechanisms and capital adequacy related to the use of the fair value option. Finally, it should be stressed that the document does not set forth additional accounting requirements beyond those established by the International Accounting Standards Board (IASB).

## INTERNATIONAL REGULATION

The second document, entitled “**Sound credit risk assessment and valuation for loans**” supersedes the document “Sound practices for Loan Accounting and Disclosure” published by the Basel Committee in July 1999. It informs on the possibility to use common data and procedures for assessing credit risk, accounting and capital adequacy, and underlines the concepts of provisioning in accordance with the prudential and accounting frameworks. It also sets forth principles for sound credit risk management and informs on the responsibilities of the board of directors and senior management to maintain appropriate provisions for loan losses. Furthermore, the document provides guidelines for prudential supervisory authorities for the assessment of risk management, control mechanisms and capital adequacy. It should also be stressed that the document does not set forth additional accounting requirements beyond those established by the IASB.

The documents are available on the CSSF website in section “[International documents](#)”.

## INTERNATIONAL CO-OPERATION

### **The banking supervisory authorities of 120 countries endorsed an updated version of the core principles for effective banking supervision and its methodology**

At the biannual conference of banking supervisors held in Mexico on 4-5 October 2006, the competent authorities of 120 countries endorsed an updated version of the document entitled “Basel Core Principles for Effective Banking Supervision” and its methodology.

The first document is the revised version of the *Core Principles for Effective Banking Supervision* originally published in September 1997 by the Basel Committee on banking supervision (the Committee). These Principles, along with the *Core Principles Methodology* (the second document), have been used by countries for assessing the quality of their supervisory systems and for identifying future work to be done to achieve a baseline level of sound supervisory practices. They have also been used by the IMF and the World Bank in the context of the Financial Sector Assessment Program (FSAP) to assess countries’ banking supervisory systems and practices.

However, significant changes in banking regulation have occurred since 1997. Much experience has been gained with implementing the Core Principles in individual countries and new regulatory issues and gaps in regulation have become apparent, often resulting in new Committee publications. These developments have made it necessary to update the Core Principles and the associated assessment Methodology.

## INTERNATIONAL CO-OPERATION

In conducting this review, the Committee was motivated by a desire to ensure continuity and comparability with the 1997 framework, which has functioned well and is seen to have withstood the test of time. The intention was therefore not to radically rewrite the Core Principles, but rather to focus on those areas where adjustments to the existing framework were required to ensure their continued relevance. Thus, the documents pay more attention to sound risk management and corporate governance practices. An umbrella principle has been added, covering all common aspects across all risk types. Moreover, the criteria for assessing interest rate, liquidity and operational risks have been specified and enhanced.

Another aim of the review was to strengthen fraud prevention, as well as the fight against money laundering and terrorist financing.

The documents are available on the website of the Bank for International Settlements: <http://www.bis.org/publ/bcbs129.htm>, <http://www.bis.org/publ/bcbs130.htm>

### Sixth meeting of the Chairmen of the Institut Francophone de la Régulation Financière (IFREFI)

The representatives of the francophone financial regulatory authorities, signatories of the charter of the *Institut Francophone de la Régulation Financière* (IFREFI, Francophone institute for financial regulation) met in Bucarest on 11 September 2006. The meeting gathered 20 participants representing 27 countries and 13 financial markets.

The meeting allowed the participants to share the recent regulatory progress made within each member authority as well as at international level (IOSCO works) and to discuss the current international economic and financial situation.

Moreover, discussions covered the demutualisation of stock exchanges and allowed to compare the relevant experience of regulators as regards market organisation.

Highlights of this meeting were:

- The renewal of the bureau of the *Institut Francophone de la Régulation Financière*

The Chairmanship and Vice-Chairmanship were given, for a two-year term, to Zeineb Guellouz, Chairwomen of the Conseil des marchés financiers of Tunisia and to Georges Carton de Tournai, Director of the Banking, Finance and Insurance Commission of Belgium.

- The admission of the Moldavian Securities Commission as the 15<sup>th</sup> member of IFREFI.
- The launch of IFREFI's website [www.ifrefi.org](http://www.ifrefi.org), consisting of a public section and a section reserved for IFREFI members. The website should contribute to further enhancing the relationships between the teams of the different commission.

## OFFICIAL LISTS

### ■ LIST OF BANKS

#### **New establishment:**

##### **Industrial and Commercial Bank of China Luxembourg S.A.**

8-10, avenue Marie-Thérèse, L-2132 Luxembourg

Date of incorporation: 5 September 2006

#### **Withdrawal:**

##### **Merrill Lynch International Bank Limited, London (United Kingdom), succursale de Luxembourg**

68-70, boulevard de la Pétrusse, L-2320 Luxembourg

Withdrawal on 30 September 2006

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

#### **New establishments:**

##### **SCHANK TOMMY**

60, rue du Bois, L-8019 Strassen

Financial advisor

Ministerial authorisation of 18 August 2006

##### **CALLATAY & WOUTERS ASSOCIATION D'INGENIEURS-CONSEILS**

89F, rue Pafebruch, L-8308 Capellen

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

Ministerial authorisation of 2 August 2006

#### **Withdrawals:**

##### **ABERDEEN INVESTMENT SERVICES S.A.**

Private portfolio manager and distributor of units/shares of investment funds (liquidation on 4 September 2006)

##### **COFINOR S.A.**

Domiciliation agent of companies (withdrawal on 1 October 2006)

##### **LIBERTY ERMITAGE LUXEMBOURG S.A.**

Commission agent and distributor of units/shares of investment funds (merger with HSBC Securities Services (Luxembourg) S.A. on 30 August 2006)

##### **JOHN DEERE FINANCE S.A.**

Professional performing credit offering (merger with John Deere Bank S.A. on 22 September 2006)

##### **VPB FINANCE S.A.**

Private portfolio manager (transformation into management company)

## OFFICIAL LISTS

### Changes of address:

**Foyer Asset Management S.A.**  
12, rue Léon Laval, L-3372 Leudelange

**FOYER, PATRIMONIUM & ASSOCIATES S.A.**  
12, rue Léon Laval, L-3372 Leudelange

### ■ LIST OF MANAGEMENT COMPANIES

#### New company:

**VPB FINANCE S.A.**  
26, avenue de la Liberté, L-2019 Luxembourg

#### Change of denomination:

MERRILL LYNCH INVESTMENT MANAGERS (LUXEMBOURG) S.A. has become  
**BLACKROCK (LUXEMBOURG) S.A.**

#### Change of address:

**AZ FUND MANAGEMENT S.A.**  
26, boulevard Royal, L-2449 Luxembourg

### ■ LIST OF INVESTMENT COMPANIES IN RISK CAPITAL (SICARS)

#### New company:

**SPORT INVESTMENT S.C.A., SICAR**  
5, allée Scheffer, L-2520 Luxembourg

## OFFICIAL LISTS

### ■ LIST OF UNDERTAKINGS FOR COLLECTIVE INVESTMENT (UCIS)

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 August 2006

#### Registrations

- COMINVEST WASSER-AKTIEN PROTECT 1/2012; 25, rue Edward Steichen; L-2540 Luxembourg
- UBS MULTI MANAGER ACCESS; 291, route d'Arlon; L-1150 Luxembourg
- PTAM DEFENSIVE PORTFOLIO OP; 4, rue Jean Monnet; L-2180 Luxembourg
- DEKA-BEST OF GARANT 10/2013; 5, rue des Labours; L-1912 Luxembourg
- DEKA-PORTABLEALPHA; 5, rue des Labours; L-1912 Luxembourg
- TOPGELD 90SI; 4, rue Alphonse Weicker; L-2721 Luxembourg
- STRATEGIC COMMODITY PORTFOLIO; 10, rue Henri Schnadt; L-2530 Luxembourg
- STUTTGARTER BASKET 50; 25, rue Edward Steichen; L-2540 Luxembourg
- STUTTGARTER BASKET 80; 25, rue Edward Steichen; L-2540 Luxembourg
- STUTTGARTER BASKET 100; 25, rue Edward Steichen; L-2540 Luxembourg
- MEAG SICAV; 44, route d'Esch; L-1470 Luxembourg
- OPTI-GROWTH FUND; 20, boulevard Emmanuel Servais; L-2535 Luxembourg
- VR NÜRNBERG (IPC); 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- PREMIUM GLOBAL FREIBURG; 3, rue des Labours; L-1912 Luxembourg
- SP - LUX SICAV II; 12, avenue de la Liberté; L-1930 Luxembourg
- OONA SOLUTIONS; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- SCANDIUM ALTERNATIVE INVESTMENTS; 5, place de la Gare; L-1616 Luxembourg
- GLL REAL ESTATE SELECTION FUND; 2-8, avenue Charles de Gaulle; L-1653 Luxembourg
- INCOMETRIC FUND; 19, rue Eugène Ruppert; L-2453 Luxembourg
- LAMPAS INVESTMENT; 16, boulevard Royal; L-2449 Luxembourg
- ALLIANZ EUROPEAN PENSION INVESTMENTS; 6A, route de Trèves; L-2633 Senningerberg
- PFS PERFORMANCE FUND STRATEGY; 20, boulevard Emmanuel Servais; L-2535 Luxembourg
- DIT-JAPAN PROTEKT DYNAMIK PLUS; 6A, route de Trèves; L-2633 Senningerberg
- FIDELITY GLOBAL BOND SERIES; place de l'Etoile; L-1479 Luxembourg
- GOLDMAN SACHS FUNDS, FCP; 16, rue Erasme; L-1468 Luxembourg

#### Withdrawals

- ACM INTERNATIONAL TECHNOLOGY FUND; 18, rue Eugène Ruppert; L-2453 Luxembourg
- ACM INTERNATIONAL HEALTH CARE FUND; 18, rue Eugène Ruppert; L-2453 Luxembourg
- THE ASIAN TECHNOLOGY FUND; 18, rue Eugène Ruppert; L-2453 Luxembourg
- ACM U.S. REAL ESTATE INVESTMENT FUND; 18, rue Eugène Ruppert; L-2453 Luxembourg
- FRÉGATE FUND; 1, boulevard Royal; L-2449 Luxembourg
- PATAVIUM; 5, allée Scheffer; L-2520 Luxembourg
- KOINÉ FUND; 5, rue Eugène Ruppert; L-2453 Luxembourg
- ZEIT-WERTFONDS HVB; 4, rue Alphonse Weicker; L-2721 Luxembourg
- ZENITH SICAV; 20, boulevard Emmanuel Servais; L-2535 Luxembourg
- PARTNER INVESTMENT FUND; 14, boulevard Royal; L-2449 Luxembourg
- HPM GLOBAL FUND; 1, boulevard Royal; L-2449 Luxembourg
- SCHUMANN - LAVEDRINE ASSET MANAGEMENT I; 14, boulevard Royal; L-2449 Luxembourg
- BERENBERG EURO STRATEGIE AKTIEN FONDS IV; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- DWS DOLLARCHANCE GARANT; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- DWS ZINSWUNDER (A); 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- DWS ZINSSPRINTER; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- DWS ZINSSPRINTER 2016; 2, boulevard Konrad Adenauer; L-1115 Luxembourg

## FINANCIAL CENTRE

Main updated figures regarding the financial centre:

Number of banks: **154** (30 September 2006)

Balance sheet total: **EUR 824.367 billion** (31 August 2006)

Profit before provisions: **EUR 3.014 billion** (30 June 2006)

Employment: **23,970 people** (30 June 2006)

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Number of UCIs: **2,166** (11 October 2006)

Total net assets: **EUR 1,707.406 billion** (31 August 2006)

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Number of SICARs: **82** (11 October 2006)

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Number of pension funds: **15** (30 September 2006)

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Number of management companies: **137** (11 October 2006)  
(chapter 13 of the law of 20 December 2002)

Employment: **2,014 people** (30 June 2006)

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Number of PFS: **195** (30 September 2006)

Balance sheet total: **EUR 68.426 billion** (31 August 2006)

Net profit: **EUR 384.68 million** (31 August 2006)

Employment: **8,064 people** (30 June 2006)

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Number of securitisation vehicles: **10** (30 September 2006)

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Total employment in the supervised establishments: **31,346 people** (31 December 2005)

Total employment in the supervised establishments: **33,298 people** (31 March 2006)

Total employment in the supervised establishments: **34,048 people** (30 June 2006)

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### CSSF Newsletter

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