CHAPTER XI

BANKING AND FINANCIAL LEGISLATION AND REGULATIONS

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1. DIRECTIVES UNDER DISCUSSION AT COUNCIL LEVEL

The CSSF participates in the groups examining the following proposals for Directives:

1.1. Proposed Directives to recast Directive 2000/12/EC of 20 March 2000 on the taking-up and pursuit of the business of credit institutions, and Directive 93/6/EEC of 15 March 1993 on the capital adequacy of investment firms and credit institutions

The proposed Directives aim to establish a new capital adequacy regime for credit institutions and investment firms, in parallel to the works carried out by the Basel Committee on banking supervision (Basel II).

The proposals apply the "re-casting technique" (interinstitutional agreement 2002/7777/01) allowing to make substantive amendments to existing legislation without any distinct amending Directive. This technique reduces the complexity of the European legislation making it more accessible and comprehensible. Amendments of a non-substantive nature are also made to many provisions to improve the structure, drafting and readability of the Directives.

1.1.1. Proposals concerning Directive 2000/12/EC

The proposed Directive purports to clarify and develop the obligation for credit institutions to have in place effective internal risk management systems. Given the diversity of credit institutions covered by the Directive, these requirements will have to be met on a proportionate basis.

As a consequence of the modified approach to expected loss endorsed by the Basel Committee ("Madrid decision"), some limited amendments are necessary as regards own funds.

The existing solvency ratio requirements for credit risk are replaced by two methods to calculate risk weighted exposure amounts.

The Standardised Approach is based on the existing framework, with risk weights determined by the allocation of assets and off-balance sheet items to a limited number of risk buckets. Risk sensitivity has been increased by the number of exposure classes and risk buckets. There are lower risk weights for non-mortgage retail items (75%) and residential mortgages (35%). The use of credit rating agencies' ratings to assign risk weights where these are available (external ratings) is permitted.

The Internal Ratings Based (IRB) approach permits credit institutions to use their own estimates of the risk parameters inherent in their different credit risk exposures. These parameters form the inputs into a prescribed calculation designed to provide soundness to a 99.9% confidence level. The foundation approach allows credit institutions to use their own estimates of probability of default, while using regulatory prescribed values for other risk components. Under the advanced approach, credit institutions may use their own estimates for losses given default and their exposure at default. The proposed roll-out rules for the IRB approach provide flexibility for credit institutions to move different business lines and exposure classes to the foundation or the advanced IRB approach during a reasonable timeframe.

"Partial" use is allowed for non-material exposure classes and business lines (capital requirements can be calculated under the standardised approach even if a credit institution uses the IRB Approach for other exposure classes). The proposed EU framework recognises that for small credit institutions the requirement to develop a rating system for certain counterparties is potentially very burdensome. Permanent partial use for these exposure classes is proposed even in cases where credit institutions' exposures to such counterparts are material.

As regards risk mitigation techniques they include the recognition of a wider range of collateral and guarantee/credit derivative providers than at present.

Credit institutions can choose between several methods of different levels of complexity i.e. a simple method – based on an easy-to-use "risk weight substitution" approach, or a comprehensive method – involving the application of volatility adjustments to the value of the collateral received. To calculate these adjustments, more and less complex approaches are made available (a simple "supervisory" approach where the amounts of the benchmark volatility adjustments are set out in a table or a more risk-sensitive "own estimates" approach).

New rules for capital requirements for securitisation activities and investments are introduced.

Three different methodologies are available as regards capital requirements for operational risk:

- a simple approach (basic indicator approach) based on a single income indicator, which does not require credit institutions to develop sophisticated and costly information systems about their risk exposure;
- a more precise risk-sensitive approach (standardised approach) as the capital requirement for operational risk is differentiated to reflect the relative risks of different business lines.
- more sophisticated methodologies (advanced measurement approaches - AMAs), which generate their own measures of operational risk, subject to more demanding risk management standards.

A certain number of amendments bring consistency between capital requirements and the large exposures rules, in particular to reflect the expanded recognition of credit risk mitigation techniques.

The proposed Directive introduces provisions that reflect the second pillar of the New Basel Accord. Credit institutions are thus required to have in place internal processes to measure and manage their risk and the amount of capital they themselves deem adequate to support those risks. Competent authorities are required to review compliance by credit institutions with the various legal obligations for organisation and risk control, and to evaluate the risks taken by credit institutions. This assessment will be used by supervisors to determine whether weaknesses exist in controls and capital held.

The uniform and centralised application of the new capital measurement methods within cross-border groups requires improved coordination and co-operation amongst national supervisory authorities. The proposed Directive sets down in detail the functioning of this enhanced co-operation within which the obligations and powers of the relevant consolidating supervisor have been developed further. Furthermore, supervisors will be provided with a minimum harmonised range of powers to require credit institutions to address any inadequacies in the requirements of the Directive.

A minimum set of disclosure requirements exists for Member States' authorities to enhance convergence of implementation and introduce transparency.

Provisions reflecting the third pillar of the New Basel Accord on own funds are also introduced. The disclosure of information by credit institutions to market participants contributes to greater financial soundness and stability, maintains a level playing field and respects the sensitivity of certain information. Most credit institutions are required to disclose on a minimum annual basis - more frequent disclosure may be necessary in the light of specific criteria.

1.1.2. Proposals concerning Directive 93/6/EEC

The definition of the "trading book" is enhanced to increase certainty as to the capital requirements that apply and to restrict possible arbitrage between the "banking book" and "trading book" boundary.

The proposed Directive prescribes, for credit institutions and investment firms, the minimum capital requirements for market risk. The treatment of positions in undertakings for collective investment and credit derivatives and a number of other modifications for increased risk-sensitivity are new.

The rules on capital requirements for credit risk and operational risk in Directive 2000/12/EC, as at present, are extended to investment firms. New credit risk elements include the provision of a treatment for credit derivatives and an amended measure of exposure for repurchase transactions and securities/commodities financing transactions. For operational risk there are significant modifications to take account of the specific features of the investment firm sector, with an option to continue the expenditure based requirement for investment firms falling into the low-, medium- and medium/high-risk categories.

The existing option for competent authorities to waive the application of consolidated requirements for groups consisting of investment firms is continued subject to more prudentially sound conditions.

Safe for some changes to large exposures for trading book transactions, the current situation is continued where credit institutions and investment firms are subject to the same rules. A new element is an amended measure of exposure for repurchase transactions and securities/commodities financing transactions.

Enhanced requirements for the valuation of trading book positions are prescribed for prudential soundness in the context of rules designed for trading book positions to be priced on a daily basis.

The obligation for credit institutions to have in place effective internal risk management systems extends to investment firms. Given the diversity of the institutions covered, these requirements will have to be met on a proportionate basis. Furthermore, investment firms are required to have internal processes to measure and manage the risk they are exposed to and the amount of capital they deem adequate to support those risks. These provisions add to the existing risk management requirements for investment firms in Directive 2004/39/EC.

1.2. Proposal for a Directive in order to establish a new financial services committee organisational structure

The proposal for a Directive amending Directives 73/239/EEC, 85/611/EEC, 91/675/EEC, 93/6/EEC, 94/19/EC, 2000/12/EC, 2002/83/EC and 2002/87/EC, to establish a new financial services committee organisational structure aims at amending the current committees' structure, established by the various sectorial financial services Directives. This proposal has been discussed in detail in the CSSF's Annual Report 2003.

1.3. Proposal for a Directive on statutory audit of annual accounts and consolidated accounts and amending Directives 78/660/EEC and 83/349/EEC

The purpose of the proposal for a Directive is to replace the eighth Directive 84/253/EEC on the approval of persons responsible for carrying out the statutory audit of accounting documents (auditors). It maintains the requirements on registration and professional integrity, while substantially broadening its scope in order to enhance harmonisation of requirements as regards statutory audit of accounts.

The Directive thus proposes to clarify the duties of statutory auditors, notably by introducing the application of international standards to all statutory audits carried out in the European Union. It sets out certain ethical principles to ensure their objectivity and independence. Furthermore, it introduces a requirement for external quality assurance as well as rigorous public oversight. Finally, it improves co-operation between supervisory authorities in the EU and provides a basis for international regulatory co-operation with third country regulators such as the US Public Company Accounting Oversight Board (PCAOB).

The proposed instrument is the logical consequence of a reorientation of the EU policy on statutory audit started back in 1996 with the Green Paper on the role, position and liability of the statutory auditor.

The instrument is also to be understood as a response to the most recent financial scandals. Its purpose is to strengthen the role of the statutory auditor in the EU to underpin the confidence in the functioning of the EU capital markets, while guaranteeing the transparency of financial information. Two specific provisions were introduced in the proposal to respond to frauds, namely the liability of the group auditor and the set up of an independent audit committee in all public interest entities.

The ECOFIN Council of 7 December 2004 endorsed, with qualified majority, a general approach compromise text for the codecision procedure.

2. DIRECTIVES ADOPTED BY THE COUNCIL AND THE EUROPEAN PARLIAMENT BUT NOT YET IMPLEMENTED UNDER NATIONAL LAW

This section presents the Directives adopted by the Council and the European Parliament for which a draft law has been submitted to the Luxembourg *Chambre des Députés* or for which a preliminary draft is under discussion by committees operating within the CSSF or which are being implemented by the CSSF.

2.1. Directive 2001/65/EC of 27 September 2001 amending Directives 78/660/EEC, 83/349/EEC and 86/635/EEC as regards the valuation rules for the annual and consolidated accounts of certain types of companies as well as of banks and other financial institutions ("Fair value Directive")

Besides prescriptions concerning the mandatory disclosure of information relating to the fair value of derivative financial instruments to be included in the annexe of the accounts, the fair value Directive introduces the IAS 39 standard "Financial instruments: recognition and measurement" as an option in the accounting Directives concerned. More detailed explanations concerning this Directive can be found in the CSSF's Annual Report 2002. A draft law transposing the Directive into Luxembourg law has been submitted to the *Chambre des Députés*.

2.2. Directive 2002/47/EC of 6 June 2002 on financial collateral arrangements

The Directive defines a single, minimum legal framework applicable to the provision of securities and cash as collateral, through the pledging of securities or the transfer of title, including repurchase agreements, aiming to ensure that effective and simple frameworks exist for the creation of collateral under either title transfer or pledge structures. The Directive is explained in detail in the Annual Report 2003 to the CSSF. A draft law aiming to transpose the Directive into Luxembourg law has been submitted to the *Chambre des Députés*.

2.3. Directive 2002/65/EC of 23 September 2002 concerning the distance marketing of consumer financial services and amending Directives 90/619/EEC, 97/7/EC and 98/27/EC

The Directive, whose purpose is to define a harmonised legal framework covering the conclusion of financial service contracts at a distance so as to establish an appropriate level of consumer protection in all Member States and thereby promote cross-border marketing of financial services and products, has been covered in detail in the CSSF's Annual Report 2002. A draft law aiming to transpose the Directive into Luxembourg law has been submitted to the *Chambre des Députés*.

2.4. Directive 2002/87/EC of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC, 93/22/EEC, 98/78/EC and 2000/12/EC

The Directive, the purpose of which is to supplement the legislation on sectoral prudential supervision with a set of measures governing the supervision of financial conglomerates, has been covered in detail in the CSSF's Annual Report 2002.

2.5. Directive 2003/6/EC of 28 January 2003 on insider dealing and market manipulation (Directive Market Abuse)

The purpose of the Directive is to ensure the integrity of the EU financial markets and to strengthen investor confidence in these markets. The Directive has been covered more explicitly in the CSSF's 2001 Annual Report.

In accordance with the final report of the Committee of Wise Men on the regulation of European securities markets, a first set of implementing measures, detailed in the CSSF's Annual Report 2003, has been endorsed.

Furthermore, the European Commission's services published on 17 November 2003 a working paper on a second set of implementing measures, which are based on the technical advice delivered by CESR in September 2003. The working paper led to the publication of Directive 2004/72/EC of 29 April 2004 on the implementing Directive 2003/6/EC as regards accepted market practices, the definition of inside information in relation to derivatives on commodities, the drawing up of lists of insiders, the notification of managers' transactions and the notification of suspicious transactions.

A draft law aiming to transpose the Directive into Luxembourg law has been submitted to the *Chambre des Députés*.

2.6. Directive 2003/41/EC of 3 June 2003 on institutions for occupational retirement provision

The purpose of the Directive is to create a harmonised prudential framework for the taking-up and pursuit of activities of institutions for occupational retirement provision and to allow institutions for occupational retirement provision to freely provide their services to companies located in other Member States thanks to the mutual recognition of prudential standards and co-operation mechanisms between competent authorities of the home and host Member States.

The Directive is covered separately in Chapter IV "Supervision of pension funds" of the CSSF's Annual Report 2003. A draft law aiming to transpose the Directive into Luxembourg law has been submitted to the *Chambre des Députés*.

2.7. Directive 2003/51/EC of 18 June 2003 amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies, banks and other financial institutions as well as insurance undertakings (Directive "Modernisation of accounting Directives")

The Directive supplements the IAS regulations making the application of IAS standards compulsory for consolidated accounts of companies listed on a regulated market from 2005 onwards. It amends the 4th and 7th Directives, the accounting Directive for banks and other financial institutions, as well as the accounting Directive for insurance undertakings. More detailed information is provided in the CSSF's Annual Report 2003. A draft law aiming to transpose the Directive into Luxembourg law has been submitted to the *Chambre des Députés*.

2.8. Directive 2003/71/EC of 4 November 2003 concerning the prospectus to be published when securities are offered to the public or admitted to trading (Prospectus Directive)

The Directive aims to introduce a single European passport for prospectus, thereby allowing companies to raise funds more easily across the European Union, while promoting investor protection by way of common standards governing the quality of information disclosed in prospectus. The Directive is described in detail in the CSSF's Annual Report 2003.

In accordance with the procedure decided upon following the resolution of the Stockholm European Council of March 2001 aiming at improving the decision procedure as regards securities, the first implementing measures based on technical advice prepared by CESR have been integrated into Regulation (EC) No 809/2004 of 29 April 2004. These measures cover:

- the format of prospectuses and the detailed information to be included in a prospectus, presented in the form of schedules;
- modes of incorporation by reference;
- method to disclose an annual document containing or mentioning all information that a specific issuer has published or made public in the course of the previous twelve months;
- publication methods for a prospectus in order to ensure that a prospectus is publicly available;
- methods to disseminate advertisements;
- certain transitional measures relating to historical financial information.

The Regulation is directly applicable in all Member States of the European Union.

A draft law aiming to transpose the Directive into Luxembourg law has been submitted to the *Chambre des Députés*.

2.9. Directive 2004/25/EC of 21 April 2004 on takeover bids (Takeover Directive)

The Directive, which introduces common EU provisions as regards takeover bids, was published on 30 April 2004. It will come into force on 20 May 2006 at the latest. More detailed information is available in the CSSF's Annual Report 2003.

2.10. Directive 2004/39/EC of 21 April 2004 on markets in financial instruments, amending Directives 85/611/EEC, 93/6/EEC and 2000/12/EC and repealing Directive 93/22/EEC (MIFID Directive)

The Directive enhances harmonisation of national rules and gives investment firms an effective single passport, which will allow them to operate throughout the European Union on the basis of authorisation in their home Member State. It also ensures that investors enjoy a high level of protection when making use of investment firms, wherever they are located in the European Union. Finally, it establishes a comprehensive regulatory framework governing the organised execution of investor transactions by exchanges, other multilateral trading systems and investment firms. The objectives of the Directive are detailed in the CSSF's Annual Report 2003.

In accordance with the Committee of Wise Men on the regulation of European securities markets, the European Commission gave several mandates to CESR to develop technical measures concerning the rules of conduct for investment firms, rules governing their internal organisation, investor protection, rules of pre-and post trade transparency, conditions for admission, definition of investment advice, publication of limit orders, treatment of eligible counterparties, systematic internalisation, rules governing reporting of transactions on financial instruments and rules governing co-operation between relevant authorities. The mandates and relating works in progress are described in detail under point 1.1.2. relating to Chapter X on international co-operation.

Within the scope of the first mandate, CESR submitted its technical advice to the European Commission on 31 January 2005. The latter will present proposals for a Directive or Regulation based on the technical advice to the European Securities Committee in the course of 2005.

2.11. Directive 2004/109/EC of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (Transparency Directive)

The Directive introduces requirements that strengthen the transparency requirement for companies whose securities are admitted to trading on a regulated market. The disclosure of accurate, comprehensive and timely information about security issuers builds sustained investor confidence and allows an informed assessment of their business performance and assets. This enhances both investor protection and market efficiency.

Consistent with the provisions of the Prospectus Directive, the Transparency Directive sets down that issuers of shares or debt securities whose nominal unit value lies below EUR 1,000 should be under the supervision of the Member State where their registered office is located.

The Directive improves the quality of information available to investors on the results and the financial situation of a company whose shares are admitted to trading on a regulated market. In accordance with the Directive, all issuers of securities must publish their annual financial statements within four months following the end of the financial year. Investors in shares will receive more comprehensive half-yearly financial reports than those required by the existing legislation and, where the companies concerned do not publish quarterly statements, at least quarterly management reports. Issuers of debt securities shall also publish half-yearly reports, no later than two months following the end of the half-year. The Directive also introduces certain transparency requirements relating to the liability statements to include in the reports, notably requiring the identification of the persons responsible within the issuing companies.

The Directive should also allow to increase the information available on major changes in the shareholding of companies whose shares are admitted to trading on a regulated market and promote better dissemination of information on issuers, thereby removing a barrier to cross-border investments.

Furthermore, the Directive modernises the existing legislation in the European Union as regards information to provide to shareholders and bondholders during general meetings by proxy or electronic means.

In accordance with the procedure decided upon in the Stockholm Resolution adopted by the European Council in March 2001, which aims at improving the decision process as regards securities, the European Commission gave a first mandate for the preparation of a technical advice under the Transparency Directive to CESR. This mandate is detailed under point 1.1.2. relating to Chapter X on international co-operation.

2.12. Regulation (EC) No 1606/2002 of 19 July 2002 on the application of International Accounting Standards (IAS Regulation)

The IAS Regulation provides that all EU companies, whose securities (shares or bonds) are listed on a regulated market within the European Union, shall prepare their consolidated accounts according to the International Accounting Standards (IAS) as from the financial year 2005 (compulsory regime of the IAS Regulation). Member States have the option of also requiring or permitting the application of IAS to non-listed companies as well as for annual accounts (optional regime of the IAS Regulation).

According to the transitional provisions, Member States have the right to defer the application of compulsory provisions until 2007 for the companies of which:

– only the bonds are listed on a regulated market in the EU or
– the securities (shares or bonds) are listed on a regulated market outside the EU, which are already applying another set of internationally accepted standards for a financial year having started before the publication of the IAS Regulation.

The Regulation has been covered more specifically in the CSSF's Annual Report 2002. A draft law aiming to transpose the Directive into Luxembourg law has been submitted to the *Chambre des Députés*.

3. LAWS PASSED IN 2004

3.1. Law of 19 March 2004 transposing Directive 2001/24/EC of 4 April 2001 on the reorganisation and winding up of credit institutions into the law of 5 April 1993 on the financial sector as amended

The law transposes into national law Directive 2001/24/EC, which aims at ensuring mutual recognition of national reorganisation and winding-up measures of credit institutions in such crisis situations. It has been covered more specifically in the CSSF's Annual Report 2003.

3.2. Law of 22 March 2004 on securitisation

The law aims to establish a secure and stable legal framework allowing the development of asset securitisation in Luxembourg. Securitisation transactions have developed for a certain number of years in Luxembourg without being subject to an adequate legal framework. They were often founded on the grand-ducal regulation of 19 July 1983 on fiduciary agreements of credit institutions, which has been replaced in the meantime by the law of 27 July 2003 on trusts and fiduciary agreements.

Henceforth, the law on securitisation provides a comprehensive legal framework taking account of all the aspects of a securitisation transaction. It creates an environment allowing to protect investors' interests while offering promoters sufficient flexibility in structuring transactions.

Thus, the definition of securitisation given by the law is intentionally broad, encompassing traditional securitisations of claims as well as more modern forms of risk securitisation. The law defines securitisation as a transaction by which a securitisation vehicle acquires or assumes, directly or through another vehicle, any risk relating to claims, other assets, or obligations assumed by third parties or inherent to all or part of the activities of third parties, by issuing securities whose value or yield depends on these risks. The risk inherent in securitised assets is borne by the investor and the yield of the securities issued by the securitisation vehicle depends on this risk.

The law solely applies to securitisation vehicles located in Luxembourg.

Securitisation vehicles can be incorporated in two forms, namely in the form of a company or in the form of a fund managed by a management company. The securitisation vehicles incorporated in the form of a company must take the form of a stock company, whose purpose is to acquire securitisable assets and to issue securities representative of these assets. The securitisation funds can take the form of co-ownership or fiduciary property structure. They do not have legal personality and are managed by a management company.

Furthermore, the law allows securitisation vehicles to split into compartments, each holding different assets. It allows securitisation vehicles to choose whether they issue their securities in the form of shares or bonds.

In principle, securitisation vehicles are not under any supervision. However, if they issue securities to the public on a regular basis, they are required to obtain authorisation as this activity is considered as an activity consisting in pooling funds from the public. The required authorisation is granted by the CSSF which must approve the articles of incorporation or management regulations of the securitisation vehicle, and where applicable, of its management company. The law vests the CSSF with broad powers to supervise and control these securitisation vehicles. The CSSF has a vast investigation right in particular as regards all the elements likely to influence the security of investors.

As far as securitised risks are concerned, the law allows the securitisation of risks linked to the holding of assets, whether movable or immovable, tangible or intangible, as well as risks resulting from the obligations assumed by third parties or relating to the activities of third parties. The law thus enables securitisation vehicles to assume extremely varied risks. The law also allows techniques permitting the transfer of these risks to the securitisation vehicle.

Investors and creditors of a securitisation vehicle can entrust the management of their interests to one or several fiduciary representatives. Given the important part fiduciary representative can play, legislation provides that this function must be performed by professionals authorised as such by the Ministry of Treasury and Budget. A new category of professionals of the financial sector has thus been created.

3.3. Law of 15 June 2004 relating to the investment company in risk capital (SICAR)

A detailed analysis of the law is available under Chapter IV "Supervisory framework for SICARs".

3.4. Law of 12 November 2004 on the fight against money laundering and financing of terrorism

The purpose of the law is to transpose Directive 2001/97/EC of 4 December 2001 amending Directive 91/308/EEC on the prevention of the use of the financial system for the purpose of money laundering into national law. In addition to the transposition of the aforementioned Directive, it complements national legislation on a certain number of issues.

The new law extends the scope of the underlying infringements of money laundering by adding the fraud against the financial interests of the European Community. It defines the scope of application of the Luxembourg regulatory framework, notably as regards the financial sector, and extends it to professions not subject so far – or only partly subject – to the professional obligations as regards the fight against money laundering, but likely to be used by money launderers for their criminal purposes. In order to ensure uniform implementation of anti-money laundering professional obligations by all the participants concerned, a single intersectoral law was drawn up, providing as well for additional rules designed for the specific business sectors. The law thereby complements the anti-money laundering rules applicable to banks and the other professionals of the financial sector through a provision on the information to include in payments and funds transfers.

The law also innovates by extending the professional obligations regarding the fight against money laundering to the fight against financing of terrorism. The participants concerned must henceforth also report any information which could be an indication of financing of terrorism to the relevant authorities.

4. CIRCULARS ISSUED IN 2004

In 2004, the CSSF issued 44 circulars, 32 of which dealing with the fight against money laundering and financing of terrorism.

The following circulars are the most important, some of which being detailed in the relevant Chapters of the Annual Report:

- Circular CSSF 04/146 on the protection of undertakings for collective investment and their investors against Late Trading and Market Timing practices;
- Circular CSSF 04/151 relating to the information to the published in the listing particulars of the following categories of securities: shares and units issued by foreign undertakings for collective investment whose securities are not subject to public exposure, offer or sale in or from Luxembourg; transferable securities which are redeemable in or exchangeable with shares or units of UCIs or whose yield and/or redemption is/are linked to underlying shares or units of UCIs;
- Circular CSSF 04/155 on the Compliance function.

5. CIRCULARS IN FORCE (AS AT 1 MARCH 2005)

5.1. Circulars issued by the *Commissariat au Contrôle des Banques*

B 79/2	07.05.1979	European Code of Conduct on securities transactions
B 83/6	16.03.1983	Participating interest held by credit institutions

5.2. Circulars issued by the *Institut Monétaire Luxembourgeois*

IML 84/18	19.07.1984	Futures markets (law of 21 June 1984)
IML 86/32	18.03.1986	Control of the annual accounts of credit institutions
IML 88/49	08.06.1988	New legal provisions concerning controls carried out by auditors
IML 91/75	21.01.1991	Revision and re-casting of rules governing Luxembourg undertakings covered by the law of 30 March 1988 on undertakings for collective investment
IML 91/78	17.09.1991	Terms of application of Article 60 of the amended law of 27 November 1984 regulating private portfolio managers
IML 91/80	05.12.1991	Staff numbers (PFS)
IML 92/86	03.07.1992	Law of 17 June 1992 concerning the accounts of credit institutions
IML 93/92	03.03.1993	Computerised transmission of periodic data
IML 93/94	30.04.1993	Entry into force for banks of the law of 5 April 1993 on the financial sector
IML 93/95	04.05.1993	Entry into force for other professionals of the financial sector of the law of 5 April 1993 on the financial sector
IML 93/99	21.07.1993	Provisions for Luxembourg credit institutions wishing to exercise banking activities in other EEC countries through the establishment of branches or under the freedom to provide services
IML 93/100	21.07.1993	Provisions for credit institutions of Community origin exercising banking activities in Luxembourg through branches or under the freedom to provide services
IML 93/101	15.10.1993	Rules concerning the organisation and internal control of the market activity of credit institutions
IML 93/102	15.10.1993	Rules concerning the organisation and internal control of the activities of brokers or commission agents exercised by other financial sector professionals
IML 93/104	13.12.1993	Definition of a liquidity ratio to be observed by credit institutions
IML 94/109	08.03.1994	Allocation of responsibilities for the establishment of equipment for transmitting computerised data to the IML
IML 94/112	25.11.1994	The fight against money laundering and prevention of the use of the financial sector for the purpose of money laundering

IML 95/116	20.02.1995	Entry into force of: - the law of 21 December 1994 amending certain legal provisions concerning the transfer of claims and pledging; - the law of 21 December 1994 concerning repurchase agreements transacted by credit institutions
IML 95/118	05.04.1995	Treatment of customer complaints
IML 95/119	21.06.1995	Rules for the management of risks linked to derivatives transactions
IML 95/120	28.07.1995	Central administration
IML 96/123	10.01.1996	Staff numbers (new table S 2.9.)
IML 96/124	10.01.1996	Staff numbers (new table S 2.9. for PFS)
IML 96/125	30.01.1996	Supervision of credit institutions on a consolidated basis
IML 96/126	11.04.1996	Administrative and accounting organisation
IML 96/129	19.07.1996	Law of 9 May 1996 on the netting of claims in the financial sector
IML 96/130	29.11.1996	Calculation of a simplified ratio in application of IML Circular 96/127
IML 97/135	12.06.1997	Transmission of supervisory data and statistics by telecommunications media
IML 97/136	13.06.1997	Financial information for the IML and Statec
IML 98/142	01.04.1998	Financial data to be supplied periodically to the IML
IML 98/143	01.04.1998	Internal control
IML 98/147	14.05.1998	Provisions for EC investment firms exercising their activities in Luxembourg through branches or under the freedom to provide services
IML 98/148	14.05.1998	Provisions for Luxembourg investment firms wishing to exercise their activities in other EC countries through the establishment of branches or under the freedom to provide services

5.3. Circulars issued by the *Banque Centrale du Luxembourg* (until 31 December 1998)

BCL 98/153	24.11.1998	Supplement to IML Circular 94/112 on the fight against money laundering and prevention of the use of the financial sector for the purpose of money laundering

5.4. Circulars issued by the *Commissariat aux Bourses*

CAB 90/1	13.12.1990	Conditions for drafting, scrutiny and distribution of the prospectus to be published when 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
CAB 91/2	01.07.1991	Law of 3 May 1991 on insider dealing
CAB 93/4	04.01.1993	Law of 4 December 1992 on reporting requirements concerning the acquisition or disposal of major holdings in a listed company

CAB 94/5	30.06.1994	Publication of forecasts in the admission prospectus for an official listing
CAB 98/6	24.09.1998	Information to be included in the prospectus for a public offering or for admission to official listing of certain debt issues whose income and/or redemption is/are linked to underlying shares
CAB 98/7	15.10.1998	Information to be shown in the prospectus for a public offering or for admission to official listing of certain categories of warrants, bonds, or issue programmes

5.5. Circulars issued by the *Commission de surveillance du secteur financier*

CSSF 99/1	12.01.1999	Creation of the *Commission de Surveillance du Secteur Financier*
CSSF 99/2	20.05.1999	Entry into force of three new laws dated 29 April 1999
CSSF 99/4	29.07.1999	Entry into force of the law of 8 June 1999 creating pension funds in the form of pension savings companies with variable capital (sepcav) and pension savings associations (assep)
CSSF 99/7	27.12.1999	Declarations to be sent to the CSSF in accordance with articles 5 and 6 of the law of 23 December 1998 on the supervision of the securities markets
CSSF 00/10	23.03.2000	Definition of capital ratios pursuant to article 56 of the amended law of 5 April 1993 on the financial sector (application to credit institutions)
CSSF 00/12	31.03.2000	Definition of capital ratios pursuant to article 56 of the amended law of 5 April 1993 on the financial sector (application to investment firms)
CSSF 00/13	06.06.2000	Sanctions against the Federal Republic of Yugoslavia and the Taliban in Afghanistan
CSSF 00/14	27.07.2000	Adoption of the law of 17 July 2000 amending certain provisions of the law of 30 March 1988 on undertakings for collective investment
CSSF 00/15	02.08.2000	Rules of conduct for the financial sector
CSSF 00/16	23.08.2000	Supplement to Circular IML 94/112 on the fight against money laundering and prevention of the use of the financial sector for the purpose of money laundering
CSSF 00/17	13.09.2000	Entry into force of the law of 27 July 2000 bringing into force the provisions of Directive 97/9/EC concerning investor compensation schemes under the amended law of 5 April 1993 on the financial sector
CSSF 00/18	20.10.2000	Bank accounts of the State of Luxembourg
CSSF 00/22	20.12.2000	Supervision of investment firms on a consolidated basis carried out by the *Commission de Surveillance du Secteur Financier*
CSSF 01/26	21.03.2001	Law of 12 January 2001 implementing the provisions of Directive 98/26/EC on settlement finality in payment and securities settlement systems under the amended law of 5 April 1993 and supplementing the law of 23 December 1998 creating a supervisory commission for the financial sector
CSSF 01/27	23.03.2001	Practical rules on the role of external auditors

CSSF 01/28	06.06.2001	Verification by banks and PFS that the legal requirements on domiciliation are satisfied
CSSF 01/29	07.06.2001	Minimum content required for an agreement on the domiciliation of companies
CSSF 01/31	04.07.2001	Supplement to Circulars CSSF 00/16 and IML 94/112 on the fight against money laundering and prevention of the use of the financial sector for the purpose of money laundering
CSSF 01/32	11.07.2001	Publication of information on financial instruments
CSSF 01/34	24.09.2001	Entry into force of a series of laws concerning the financial sector
CSSF 01/40	14.11.2001	Specifications on the extent of the professional obligations laid down in Part II of the amended law of 5 April 1993 on the financial sector and in Circular IML 94/112 on the fight against money laundering and prevention of the use of the financial sector for the purpose of money laundering
CSSF 01/42	19.11.2001	Mortgage bond banks: rules on real estate valuation
CSSF 01/46	19.12.2001	Repeal of Circular CSSF 01/35
CSSF 01/47	21.12.2001	Professional obligations of domiciliation agents of companies and general recommendations Amendment of Circular CSSF 01/28
CSSF 01/48	20.12.2001	Supplement to Circulars CSSF 00/16, 00/31 and 01/37 and IML 94/112 on the fight against money laundering and prevention of the use of the financial sector for the purpose of money laundering
CSSF 02/61	04.06.2002	Identification and declaration of business relations with terrorist circles
CSSF 02/63	01.07.2002	Cross-border payments in euros
CSSF 02/65	08.07.2002	Law of 31 May 1999 governing the domiciliation of companies; precisions as regards the concept of "seat"
CSSF 02/71	01.10.2002	Law of 3 September 1996 concerning the involuntary dispossession of bearer securities
CSSF 02/77	27.11.2002	Protection of investors in case of miscalculation of NAV and the compensation following non-compliance with investment rules applicable to undertakings for collective investment
CSSF 02/78	27.11.2002	Details on the obligation of declaration with respect to money laundering and on the primary offences that could lead to money laundering offences
CSSF 02/80	05.12.2002	Specific rules applicable to Luxembourg undertakings for collective investment (UCIs) which adopt alternative investment strategies
CSSF 02/81	06.12.2002	Practical rules regarding the tasks of external auditors of undertakings for collective investment
CSSF 03/87	21.01.2003	Coming into force of the law of 20 December 2002 regarding undertakings for collective investment
CSSF 03/88	22.01.2003	Classification of undertakings for collective investment governed by the provisions of the law of 20 December 2002 regarding UCIs
CSSF 03/95	26.02.2003	Mortgage bonds: Applicable minimum requirements regarding management and control of mortgage register, cover assets and limit of circulating mortgage bonds

CSSF 03/97	28.02.2003	Publication of the simplified and complete prospectuses as well as annual and half-yearly reports of UCIs in the database of the financial centre
CSSF 03/100	01.04.2003	Publication on the Internet of CSSF instructions: - *Recueil des instructions aux banques* of the CSSF - Schedule of Conditions for the technical implementation of the CSSF reporting requirements – SOC/CSSF
CSSF 03/108	30.07.2003	Luxembourg management companies subject to Chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment, as well as Luxembourg self-managed investment companies subject to article 27 or article 40 of the law of 20 December 2002 concerning undertakings for collective investment
CSSF 03/113	21.10.2003	Practical rules concerning the mission of external auditors of investment firms
CSSF 03/122	19.12.2003	Clarifications on the simplified prospectus
CSSF 04/132	24.03.2004	Abrogation of Circular CaB 91/3
CSSF 04/140	13.05.2004	Amendment of Circular CSSF 2000/12 applicable to investment firms incorporated under Luxembourg law and to branches of non EU investment firms to transpose Directive 2004/69/EC of the European Commission of 27 April 2004 amending Directive 2000/12/EC of the European Parliament and of the Council as regards the definition of "multilateral development banks"; Amendment of the list of Zone A countries
CSSF 04/143	24.05.2004	Abrogation of Circulars IML 90/67, 90/68 and 91/77
CSSF 04/144	26.05.2004	Amendment of Circular CSSF 2000/10 applicable to banks incorporated under Luxembourg law and to branches of non EU banks to transpose Directive 2004/69/EC of the European Commission of 27 April 2004 amending Directive 2000/12/EC of the European Parliament and of the Council as regards the definition of "multilateral development banks"; Amendment of the list of Zone A countries
CSSF 04/146	17.06.2004	Protection of undertakings for collective investment and their investors against Late Trading and Market Timing practices
CSSF 04/151	13.07.2004	Information to be published in the listing particulars of the securities specified below: - shares and units of foreign UCIs whose securities are not publicly exposed, offered or sold in or from Luxembourg, and - securities which are redeemable or exchangeable in shares or units of UCIs or whose income and/or redemption is/are linked to underlying shares or units of UCIs
CSSF 04/154	24.08.2004	New capital requirements regime
CSSF 04/155	27.09.2004	The Compliance function
CSSF 04/156	01.10.2004	Circular CSSF 2000/10 - Abrogation of the communication of the detailed calculation of the capital requirement (tables B 3.2 and B 7.3) - List of currencies of EU Member States not participating in the Euro
CSSF 04/165	21.12.2004	Statistics on guaranteed deposits and instruments
CSSF 04/167	22.12.2004	Breakdown of value corrections made by the credit institutions at 31 December 2004

The circulars listing the persons to whom restrictive measures apply within the scope of the fight against terrorism and money laundering, are mentioned hereunder, and do not appear in the table above.

Changes to the list of countries and territories considered non co-operative by the Financial Action Task Force (FATF) are the subject of Circulars CSSF 00/16, 01/31, 01/37, 01/48, 02/66, 02/73, 03/86, 03/93, 03/104, 03/115, 04/129, 04/149, 04/162 and 04/171.

The amendments to Council Regulation (EC) N° 881/2002 imposing certain specific restrictive measures against certain persons and entities associated with Usama bin Laden, the Al-Qaida network and the Taliban published on 4 June 2002 in Circular CSSF 02/61 are the subject of the following CSSF Circulars: CSSF 02/62, 02/68, 02/70, 02/72, 02/74, 02/75, 02/79, 03/89, 03/91, 03/92, 03/96, 03/98, 03/99, 03/101, 03/102, 03/103, 03/105, 03/109, 03/110, 03/111, 03/112, 03/116, 03/117, 03/119, 04/125, 04/126, 04/127, 04/130, 04/131, 04/134, 04/138, 04/141, 04/148, 04/150, 04/152, 04/157, 04/160, 04/164, 04/166, 05/169, 05/170 and 05/173.

The specific restrictive measures against certain persons and entities within the scope of the fight against terrorism are the subject of Circulars CSSF 02/59, 02/75, 03/111 and 04/133.

The freeze of funds in relation to Mr Milosevic and those persons associated with him is the subject of Circulars CSSF 00/20 and 03/102.

The measures against UNITA (União Nacional para a Independência Total de Angola) are the subject of Circular CSSF 03/90.

The restrictive measures concerning certain Iraqi assets are the subject of Circulars CSSF 03/110, 03/114, 03/118, 04/136, 04/142 and 04/145.

The restrictive measures in relation to the persons indicted by the ICTY are the subject of Circulars CSSF 04/159, 04/163, 04/168 and 05/172.

The restrictive measures concerning Burma / Myanmar are the subject of Circulars CSSF 04/135, 04/161 and 05/174.

The restrictive measures in relation to Liberia are the subject of Circulars CSSF 04/137, 04/147, 04/153 and 04/158.

The restrictive measures in respect of Zimbabwe are the subject of Circular CSSF 04/128.