



SUPERVISION OF PENSION FUNDS

1. Developments in the pension funds sector in 2004
2. Developments in the legal framework

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1. DEVELOPMENTS IN THE PENSION FUNDS SECTOR IN 2004

1.1. Pension funds

During the course of 2004, the CSSF authorised two pension funds subject to the law of 8 June 1999 as amended: one pension savings company with variable capital (sepcav) and one pension savings association (assep):

- THE RAPALA GROUP SEPCAV, constituted in the legal form of a multiple compartment sepcav, was set up on the initiative of the Finnish company Rapala VMC Corporation. Its purpose is to organise a pension fund for the managerial staff of the Rapala Group.
- EUROPEAN PENSION FUND, constituted in the legal form of a multiple compartment assep, was set up on the initiative of Dresdner Bank Luxembourg S.A. and Allianz Global Investors Luxembourg S.A.. Its purpose is, at a first stage, to organise a pension fund for the employees of Dresdner Bank Luxembourg S.A., Dresdner Bank Aktiengesellschaft Frankfurt Niederlassung Luxembourg and Allianz Global Investors Luxembourg S.A..

The authorisation of these new pension funds raises the number of pension funds subject to the law of 8 June 1999 as amended to twelve as at 31 December 2004.

It has to be noted that the growth rate of the pension funds sector is very slow. The coming into force on 23 September 2005 of Directive 2003/41/EC, which confers a European passport on institutions for occupational retirement provision, will hopefully facilitate the setting-up of pan-European pension funds in the medium term.

The CSSF expects activities to continue their slow but ongoing pace in 2005. Half a dozen applications for approval are currently being processed, half of which being pension funds for Luxembourg employers, the others being pension funds designed for international groups.

1.2. Liability managers

There has been no new registration on the official list of professionals authorised to act as liability managers for pension funds subject to the law of 8 June 1999 as amended. Consequently, the number of liability managers of pension funds approved by the CSSF amounted to eleven as at 31 December 2004.

2. DEVELOPMENTS IN THE LEGAL FRAMEWORK

In 2004, no changes have been made to the Luxembourg legal framework governing sepcavs and asseps. However, works are in progress to transpose into national law Directive 2003/41/EC of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision ("IORP" Directive), which was published in the Official Journal of the European Union on 23 September 2003.

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;
- allow institutions for occupational retirement provision to freely provide their services to companies located in other Member States by way of mutual recognition of prudential standards and co-operation mechanisms between competent authorities of the home (where the institution is located) and host (where the company paying contributions is located) Member States.

In this context, two draft laws have been submitted to the *Chambre des Députés* on 1 July 2004, with the purpose, on the one hand, of creating a legal framework for the institutions for occupational retirement provision and, on the other hand, adapting the legal framework applicable to pension funds governed by the law of 8 June 1999 as amended creating pension funds in the form of pension savings companies with variable capital (sepcav) and pension savings associations (assep).

The deadline for the transposition of the Directive into national law is set to 24 months from the date of its publication in the Official Journal of the European Union. Hence, the necessary legislative, regulatory and administrative provisions to comply with the Directive must come into effect on 23 September 2005 at the latest.



| Department Supervision of Pension Funds, SICARs and Securitisation Vehicles

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