

SUPERVISION OF SECURITIES MARKETS

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CHAPTER VII



1. REPORTING OF TRANSACTIONS ON FINANCIAL ASSETS

1.1. Reporting requirements

No changes have been made in 2005 to the legislation as regards reporting of transactions on financial assets. With respect to the reporting requirement that applies to credit institutions and investment firms, the CSSF supervises their compliance with the requirements laid down in circular CSSF 99/7 on reporting to the CSSF, in accordance with the law of 23 December 1998 on the supervision of securities markets as amended.

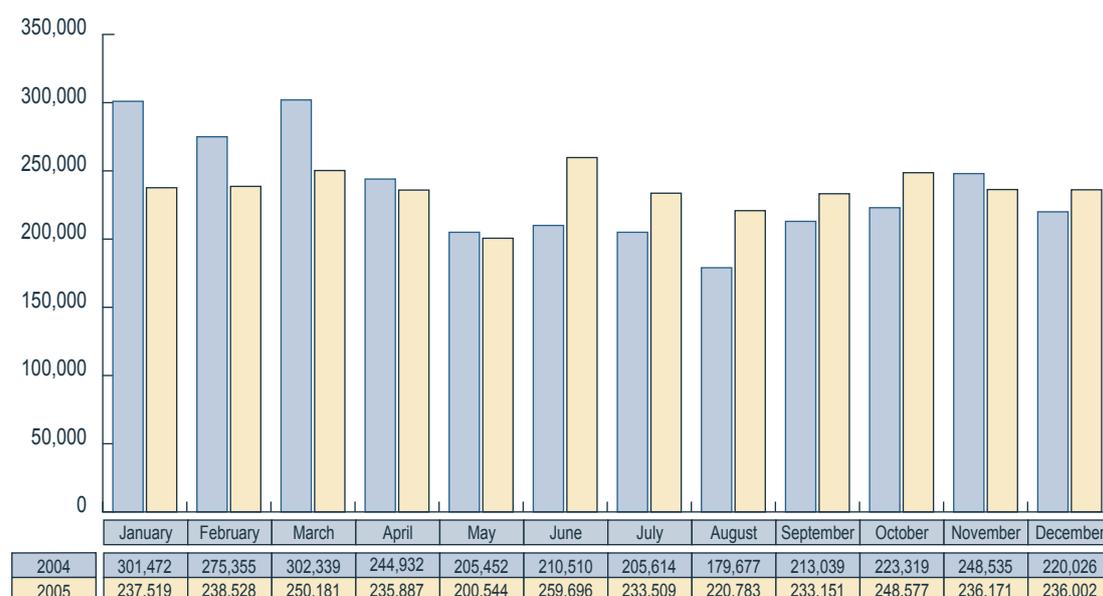
In this context and within the scope of its daily supervisory mission, the CSSF addressed a total of 42 letters, covering the following subjects, to investment firms:

Subject	Number
Mailing of the <i>Recueil</i> to new firms	9
Authorisations (reporting via fax, exemptions, deferrals)	6
TAF reporting irregularities	12
Request for explanations regarding transactions	2
Reminders	8
Others	5
Total	42

1.2. Development in the number of trades reported

The number of trades reported in 2005 amounted to 2,830,548, which is almost the same as in 2004 (2,830,270 trades reported).

Monthly volume of trades reported



Breakdown of transactions by type of instrument

Type of instrument	Number of trades reported (as a % of total)	
	2004	2005
Shares	63.11%	66.08%
Bonds	32.78%	29.48%
Futures	0.90%	0.92%
Options	1.67%	1.81%
Warrants	1.38%	1.51%
Bonds with warrants attached	0.16%	0.20%

The reported data allow to monitor the trends of the European markets and more particularly of the Luxembourg market. The main purpose of the supervision of the securities markets is to prevent and detect infringements of financial and stock market laws and regulations. In this context, monthly internal reports, as well as specific internal reports, based on the trades reported, are drawn up. These *ex post* analyses of transactions on financial assets can be used as a starting point for inquiries of the CSSF.

2. INVESTIGATIONS CONDUCTED BY THE CSSF IN ITS SUPERVISION OF SECURITIES MARKETS

A distinction should be drawn between investigations conducted into breaches of stock exchange regulations, investigations into non-compliance with the rules of conduct in the financial sector as laid down more specifically in circular CSSF 2000/15 of 2 August 2000 as amended and investigations conducted within the scope of general supervision of securities markets.

2.1. Investigations into breaches of stock exchange regulations

The CSSF is the administrative authority competent to ensure that the provisions of the law of 3 May 1991 on insider dealing are applied. Its aim is twofold: ensure fair and equal treatment of investors, as well as protection against the illegal use of insider information.

In the context of its supervision of securities markets, the CSSF either initiates inquiries itself or conducts them in response to a request for assistance from a foreign administrative authority within the framework of international co-operation.

2.1.1. Inquiries initiated by the CSSF

- *Inquiries into insider dealing*

In 2005, the CSSF initiated three inquiries into a possible infringement of the law of 3 May 1991 on insider dealing. These investigations are still in progress.

One inquiry already opened in 2004 has been closed without further action taken.

- *Inquiries into price manipulation*

The CSSF has not opened any inquiry into price manipulation in 2005.

2.1.2. Inquiries conducted by the CSSF at the request of a foreign administrative authority

- ***Inquiries into insider dealing***

In 2005, the CSSF processed 54 requests concerning inquiries into insider dealing (against 47 in 2004). Among these requests, one was received from an administrative authority of a country outside the European Economic Area.

The CSSF handled all these requests with the necessary diligence befitting co-operation between authorities and no major issues relating to the requests of information submitted to the involved financial institutions have arisen.

- ***Inquiries into price manipulation, fraudulent public offers, breaches of the requirement to report major shareholdings and other breaches of the law***

The CSSF received six inquiries into price manipulation, three inquiries into breaches of the requirement to report major stockholdings, one inquiry regarding an illegal offer of securities from an administrative authority of a non-EEA country, two inquiries regarding dissemination of false information on listed companies, one inquiry regarding an illegal offer of financial services, four various inquiries regarding Luxemburg-incorporated companies and one inquiry regarding UCI management.

The CSSF responded to all these requests within the scope of its legal competence.

2.2. Inquiries into non-compliance with the rules of conduct in the financial sector initiated by the CSSF and inquiries within the scope of general supervision of securities markets

The CSSF's interventions as regards non-compliance with the rules of conduct in the financial sector and/or within the scope of its general supervision of securities markets are mainly motivated by the will to protect investors and ensure market integrity. The decisions to open an investigation or to intervene with a professional of the financial sector are, at first, based on analytical reports of daily trading activity at the Luxembourg Stock Exchange, as well as on the analysis of trades reported to the CSSF. The CSSF then analyses this information and decides on the appropriateness of an intervention.

In this context, the CSSF continued its investigations relating to a preliminary inquiry into breaches of stock market rules initiated in 2004 and has been able to close all the aspects of this case without needing to open a formal investigation.

In 2005, the CSSF conducted five preliminary inquiries within the scope of its general supervision of the markets, including one relating to a suspicion of price manipulation and four in relation to suspicions of insider dealing. Two of these preliminary inquiries led the CSSF to initiate inquiries into possible infringements of the law of 3 May 1991 on insider dealing (please refer to point 2.1.1. "Inquiries initiated by the CSSF").

3. SUPERVISORY PRACTICE

In accordance with the law of 23 December 1998 on the supervision of securities markets as amended, the CSSF performs its statutory missions with regard to the supervision of stock exchanges and the listed Luxembourg companies.

3.1. Supervision of stock exchanges

The establishment of a stock exchange in Luxembourg is subject to a concession to be granted by Grand-Ducal decree. The only stock exchange currently licensed under Luxembourg law is the Société de la Bourse de Luxembourg S.A. (Luxembourg Stock Exchange). The CSSF monitors the proper functioning of the markets operated by the Luxembourg Stock Exchange, as well as the compliance with the regulations applying to securities markets.

3.1.1. Regulatory changes

The law of 10 July 2005 on prospectuses for securities introduces a precise definition of “regulated market” into the Luxembourg legislation. Thus, a regulated market is a “multilateral system operated and/or managed by a market operator as defined in Directive 2004/39/EC on markets in financial instruments, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions on regulated markets of the European Economic Area. These regulated markets shall be included in the list of all regulated markets published by the European Commission.”

This law also amends the law of 23 December 1998 on the supervision of securities markets by inserting the following definition of the notion of “stock exchange”: “A stock exchange shall be a market operator which has the capacity to manage and/or operate one or several markets of financial assets”.

This amendment of the law of 23 December 1998 on the supervision of securities markets allows the launch, on 18 July 2005, of the Euro MTF market by the Luxembourg Stock Exchange. The Euro MTF is a market that is not included in the list of regulated markets published by the European Commission. The creation of the Euro MTF market prepares for the coming European legal framework that will be introduced in Luxembourg through the transposition of Directive 2004/39/EC on markets in financial instruments. It is an option offered to issuers that are willing to benefit from an efficient regulatory framework, but that do not require a European passport for prospectuses.

The Euro MTF market is meant for issuers who decide not to be governed by the new rules applicable as of July 2005 in terms of financial information to be provided in a prospectus and as of beginning of 2007 in terms of financial statements to be published in accordance with the provisions of 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 (Transparency Directive).

The operating rules of this new market are specified in the Rules and Regulations of the Luxembourg Stock Exchange, which have been subject to significant amendments in order to be adapted to the new legal framework.

Securities admitted to trading on the Euro MTF market are subject to the requirement to publish a prospectus in accordance with Part IV of the law on prospectuses for securities. The provisions governing the drawing-up of these prospectuses and their content are laid down in the operating rules of the market operator, i.e. the Rules and Regulations of the Luxembourg Stock Exchange.

Trading on the Euro MTF market is subject to the prohibition of market abuse referred to in Chapter IX of the Rules and Regulations of the Luxembourg Stock Exchange. In this context, it should be noted that the scope of the prohibition in relation to market abuse and notably insider dealing referred to in draft law no. 5415 on market abuse also covers the financial instruments admitted on the Euro MTF market. Indeed, it has been decided, following the creation of the new market, to extend the scope of the prohibition of market abuse referred to in the above-mentioned draft law to the financial instruments admitted to the alternative markets in order to strengthen the credibility and reliability of these markets. The Rules and Regulations of the Luxembourg Stock Exchange refer to the Euro MTF market as a “market regulated by the Stock Exchange”.

On 29 August 2005, the CSSF announced that the new Euro MTF market operating with the Luxembourg Stock Exchange is to be considered as a “regulated market, which is regularly operating, recognised and open to the public.” The CSSF insisted on specifying that the securities and money market instruments traded on the Euro MTF market are eligible investments for undertakings for collective investment under Part I of the law of 30 March 1988, respectively of the law of 20 December 2002 concerning undertakings for collective investment. On 10 August 2005, the UK tax authorities also announced that the securities admitted to the official listing and to trading on the Euro MTF market meet the requirement to be listed on a “recognised” stock exchange. According to a positive decision of the Governing Council of the European Central Bank, the Euro MTF market is listed since 7 October 2005 on the list of non-regulated markets accepted by the Eurosystem. The assessment criteria of the European Central Bank for non-regulated markets are the following: safety, transparency and accessibility. The acceptance of the Euro MTF market by the different authorities is an important criterion to ensure the success of this non-regulated market under the terms of the European Directives. At the end of 2005, 871 securities were already listed on the Euro MTF market.

Finally, it should be noted that the law on prospectuses for securities also repeals certain articles of the law of 10 August 1915 concerning commercial companies, including notably the articles on the filing of a legal notice for public displays, offers or sales of securities and on the requirement to establish the subscription in duplicate.

3.1.2. Markets operated by the Luxembourg Stock Exchange

The CSSF is kept informed of market activities and related issues on a daily basis by means of an activity report provided by the Luxembourg Stock Exchange.

As far as market activities are concerned, turnover increased by 86.3% as compared to 2004 to EUR 2,227.2 million (1,195.64 million in 2004). Total turnover of variable income securities represented 12.15% of trading (50.55% in 2004) against 87.85% (49.45% in 2004) for bonds.

At the end of 2005, the Luxembourg Stock Exchange counted 65 members (against 68 in 2004), including nine cross members.

The year 2005 was again characterised by intense activity as regards new admissions to the Luxembourg Stock Exchange. 9,092 new securities have been admitted (9,143 in 2004). The total number of admissions as at 31 December 2005 on the regulated market under the terms of the European Directives and on the Euro MTF market reached 36,054 securities (33,022 in 2004), composed of 26,782 bonds, 279 shares, 2,821 warrants and rights and 6,172 Luxembourg and foreign undertakings for collective investment and compartments.

3.2. Luxembourg companies listed on the Luxembourg Stock Exchange

3.2.1. Financial information disclosed by the listed companies

The law of 23 December 1998 on the supervision of securities markets as amended lays down the principle that financial information disclosed by companies listed on the Luxembourg Stock Exchange shall be monitored. The number of Luxembourg companies whose shares are listed amounted to 39 as at 31 December 2005.

Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards (IAS Regulation) introduces the obligation for companies under the national law of a Member State, the securities of which are traded on a regulated market, to draw up their consolidated financial statements in accordance with the international accounting standards IAS/IFRS for each financial year starting on 1 January 2005 or later.

In relation with the transition of the listed companies to the IAS/IFRS accounting standards, the CSSF is regularly contacted with a view to clarifying the implementation in Luxembourg of the provisions laid down in the IAS Regulation and the interaction of this Regulation, the law on prospectuses for securities and the Transparency Directive.

The CSSF has thus alerted the listed Luxembourg companies that the semi-annual reports 2006 must include the comparative accounts drawn up in accordance with the IAS/IFRS standards for 2005.

The CSSF verifies financial data submitted, in particular the yearly and half-yearly reports published by Luxembourg companies whose shares and units are listed on the Luxembourg stock exchange. The CSSF is entitled to request an independent external auditor to prepare a written report on individual and consolidated annual accounts of these companies.

Within the framework of its interventions, the CSSF has notably clarified that the provisions of the Luxembourg law that transpose the 7th Directive do not exclude the listed companies from the benefit of the exemption of consolidation.

3.2.2. Reporting of major shareholdings

The CSSF systematically verifies compliance with the law of 4 December 1992 on the information to be published when a major holding in a listed company is acquired or disposed of, notably by considering attendance registers of ordinary and extraordinary meetings, as well as any other source of information.

In particular, the CSSF has stressed that the provisions of the aforementioned law refer to “the voting rights” and do not expressly exclude the suspended voting rights or the voting rights that could not be exercised, for one reason or another, for a certain period of time. In order to determine the trigger thresholds provided for by this law, the total voting rights that exist when the situation giving rise to a report arises, must thus be taken into account.

4. DEVELOPMENTS IN THE REGULATORY FRAMEWORK

4.1. New regulatory framework governing the drawing-up, approval and dissemination of prospectuses

The regulatory texts and other documents governing the drawing-up, approval and dissemination of the prospectuses that fall under the competence of the CSSF under the new prospectus regime are the following:

- the law of 10 July 2005 on prospectuses for securities which mainly aims at transposing 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”);
- Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (“Prospectus Regulation”);
- Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting rules;
- Grand-ducal regulation of 3 August 2005 on prospectuses for securities that lays down the fees to be levied by the CSSF and amends the Concession;
- circular CSSF 05/210 of 10 October 2005 on the drawing-up of a simplified prospectus within the scope of Chapter 1 of Part III of the law on prospectuses for securities;
- circular CSSF 05/224 of 15 December 2005 concerning the choice of the home Member State for third country issuers whose securities are admitted to trading at 1 July 2005 and the notification by these issuers of their choice by 31 December 2005;
- circular CSSF 05/225 of 16 December 2005 on the notion “offer to the public of securities” as defined in the law on prospectuses for securities and the “obligation to publish a prospectus” that may ensue;
- circular CSSF 05/226 of 16 December 2005 concerning the general presentation of the law on prospectuses for securities and the technical specifications regarding communications to the CSSF of documents for the approval or for filing and of notices for offers of securities to the public and admissions of securities to trading on a regulated market (replacing circulars CSSF 05/195 and CSSF 05/196);
- CESR’s recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses No 809/2004;
- the document published by the CSSF “New prospectus regime: Questions and Answers”.

4.2. General presentation of the law of 10 July 2005 on prospectuses for securities

The law on prospectuses for securities was adopted on 29 June 2005 by the *Chambre des Députés* (Parliament) and published on 12 July 2005 in the *Mémorial* A no. 98. It sets up a new framework for the drawing-up, approval and distribution of prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market.

This law transposes, among other things, the Prospectus Directive into Luxembourg law. As a result of this transposition, the provisions relating to the prospectus to be published when securities are offered to the public and/or admitted to trading laid down in the law of 23 December 1998 as amended on the supervision of securities markets (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, certain provisions related to the prospectuses and other terms governing an offer referred to in the law of 30 March 1988 as amended on undertakings for collective investment, the law of 20 December 2002 as amended on undertakings for collective investment, the law of 15 June 2004 on the investment company in risk capital and the law of 10 August 1915 concerning commercial companies are amended.

Concurrently, the Prospectus Regulation becomes directly applicable in Luxembourg as from 1 July 2005. This European Regulation plays an important role with respect to the implementation of the law on prospectuses for securities, as it mainly sets down the detailed information to include in a prospectus and also contains many provisions governing the drawing-up of prospectuses for programmes.

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 granted by the authority of the home Member State, as well as to strengthen investor protection by ensuring that all prospectuses, wherever they are issued and approved in the European Union, provide investors with the clear and comprehensive information they need to take their investment decision.

The purpose of the Prospectus Directive and of the Prospectus Regulation is to harmonise, within the European Union, the requirements relating to the drawing-up, approval and distribution of the prospectus to be published when securities are offered to the public and/or admitted to trading on a regulated market situated or operating within the territory of a Member State. No prospectus shall be published until it was granted "approval" by the home Member State's competent authority. This approval is however subject to the compliance with common European standards relating to the content of the information to be published and the terms governing its publication. The detailed information that has to be included in a prospectus falling under Community scope is defined by the Prospectus Regulation which notably follows the principles laid down by IOSCO (International Organisation of Securities Commissions) and the accounting standards IAS/IFRS.

The Prospectus Directive also sets down, at European level, a harmonised definition of "offer to the public", which Luxembourg has fully integrated into 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 had 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 relatively broad definition, which also applies to the placing of securities through financial intermediaries. Circular CSSF 05/225 of 16 December 2005 specifies the elements constituting this notion of offer to the public.

With the transposition of the Prospectus Directive, the Luxembourg legislator opted to introduce a law that covers all offers to the public and all admissions to trading on a securities market.

Thus, the law on prospectuses for securities provides for three different prospectus regimes:

- a first regime (Part II of the law on prospectuses for securities) with respect to offers of securities to the public and admissions of securities to trading on a **regulated market**, which are subject to **Community harmonisation**, and transposing the rules of the Prospectus Directive;
- a second regime (Part III of the law on prospectuses for securities) defining the Luxembourg rules that apply to offers to the public and to admissions to trading on a **regulated market** of securities and other comparable instruments, which are **outside the scope of the Prospectus Directive**, and providing for a simplified prospectus regime; and
- a third regime (Part IV of the law on prospectuses for securities), setting up a Luxembourg-specific regime applying to admissions of securities to trading on **a market which is not included in the list of regulated markets** published by the European Commission.

The law on prospectuses for securities designates the CSSF as the competent authority to ensure the enforcement of:

- the provisions of Part II (when Luxembourg is the home Member State), which deals with the drawing-up, approval and distribution of the prospectus to be published when securities are offered to the public and/or admitted to trading on a regulated market, which are subject to Community harmonisation under the Prospectus Directive; and
- the provisions of Chapter 1 of Part III which deals with the drawing-up, approval and distribution of prospectuses to be published when securities and other comparable instruments not covered by Part II are offered to the public.

The Luxembourg Stock Exchange (*Bourse de Luxembourg*, which is currently the only market operator authorised to operate one or several securities markets situated or operating within the territory of Luxembourg) is the competent authority for the approval of:

- prospectuses subject to the provisions of Chapter 2 of Part III (admissions of securities not covered by Part II to trading on a regulated market operated by the Luxembourg Stock Exchange); and
- prospectuses subject to the provisions of Part IV (admissions of securities to trading on a Luxembourg market not included in the list of regulated markets published by the European Commission).

The simplified prospectuses subject to Part III do not benefit from the European passport and the rules as regards their content are in principle laid down in circular CSSF 05/210 of 10 October 2005 on the drawing-up of a simplified prospectus within the scope of Chapter 1 of Part III of the law on prospectuses for securities.

The more extended powers of the CSSF entail that the issuers, offerors and persons asking for the admission to trading on a regulated market fall henceforth under the direct authority of the CSSF, when Luxembourg is the home Member State under the terms of the law on prospectuses for securities. The CSSF thus obtains general and direct competences with respect to the information that issuers must publish, by means of the prospectus or of a supplement to the prospectus. Moreover, the CSSF is notably empowered to suspend an offer to the public or admission to trading on a regulated market for ten working days, prohibit an offer to the public, suspend trading on a regulated market at any moment, require the issuer, offeror or person asking for admission to trading on a regulated market to refrain from any practices infringing the law on prospectuses for securities.

A particularly important power in the context of financial markets is that the CSSF can make public the fact that the issuer, offeror or person asking for admission to trading on a regulated market is failing to comply with its obligations. Furthermore, the law on prospectuses for securities entitles the CSSF to impose administrative sanctions.

The competence regarding the decisions with respect to the admission of securities to trading on a market and/or official listing are not affected by the law on prospectuses for securities. Indeed, the decisions with respect to the admission of securities to a market and/or official listing continue to fall within the remit of the relevant market operator and are taken in accordance with the provisions laid down in the rules governing the functioning of this operator (currently in Luxembourg: the Rules and Regulations of the Luxembourg Stock Exchange), it being understood that compliance of the underlying documents with the law on prospectuses for securities is one of the requirements to be fulfilled.

4.3. Implementation of the law on prospectuses for securities

Until 1 July 2005, the Luxembourg Stock Exchange approved the prospectuses to be published where transferable securities are admitted to official listing and where public offers of transferable securities are followed by a listing on the Luxembourg Stock Exchange. The prospectuses relating to offers of securities to the public not followed by a listing were approved by the CSSF, even though the reading and scrutiny of the offer document were in fact also carried out by the Luxembourg Stock Exchange based on a delegation by the CSSF of these tasks.

The Luxembourg procedure regarding the approval of prospectuses for securities has been completely reshuffled by the law on prospectuses for securities. The implementation of this law entailed that the competences for the approval of all the prospectuses in relation with Part II (Community scope) and the offers under Part III of said law (offers to the public outside Community scope) have been transferred from the Luxembourg Stock Exchange to the CSSF, which has been designated as the competent administrative authority in Luxembourg under the law on prospectuses for securities.

At European level, the CESR Chairmen have decided, during their meeting on 27 and 28 June 2005, to implement the new framework provided for by the Prospectus Directive as from 1 July 2005 as regards the right to a European passport that the Prospectus Directive confers on the issuer, the offeror or the person who seeks admission of securities to trading on a regulated market, even if certain Member States have not yet transposed the Prospectus Directive into their national law.

As the draft law no. 5444 on the prospectuses and the Prospectus Regulation gave rise to a certain number of questions with respect to the legal interpretation, the CSSF established an *ad hoc* interpretation group of the draft law in June 2005, shortly before the coming into force of the law on prospectuses for securities.

Within the *ad hoc* legal interpretation group of the “prospectus” legislation, the CSSF provides certain prospectus-related responses it has already given or it intends to give to issuers. The members of the group can also put questions that they have been asked by their customers to the CSSF. The objective of this group is to gather all the substantial questions of the market players, to define, within a small group, coherent positions based on all the elements and legal arguments that seem crucial and to ensure enhanced communication with the issuers notably through their Luxembourg lawyers. The *ad hoc* group was quite active in 2005 with around twenty meetings and was notably strongly involved in the drawing-up of the circular relating to the notion of “offer to the public” and the document of 60 Questions/Answers that have all been discussed within the *ad hoc* group.

Practically speaking, during the first six months of implementation of the new prospectus regime, the CSSF had agreed with the Luxembourg Stock Exchange that the latter would assist the CSSF in the prospectus approval process. To this end, the CSSF had entrusted the Luxembourg Stock Exchange with the preliminary analysis of the documents filed for approval with respect to their compliance with the law on prospectuses for securities and the Prospectus Regulation. After having revised and commented on the submitted prospectuses, the Luxembourg Stock Exchange communicated its opinion to the CSSF in the form of a report. Based on this opinion, submitted together with the documents concerned, the CSSF undertook a control before it decided on the approval of the prospectus.

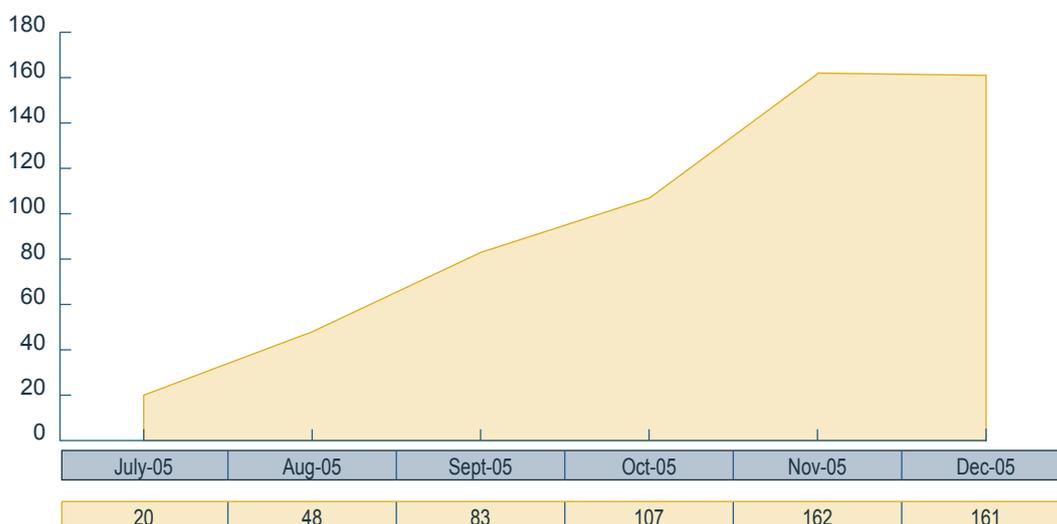
In December 2005, both entities announced their decision according to which the CSSF would fulfil alone, as from 1 January 2006, the tasks relating to the approval of prospectuses, so as to make the procedure more efficient, coherent and transparent.

As from 1 January 2006, the CSSF has become the sole intervening party for approving the prospectuses relating to offers to the public and admissions to a regulated market of securities falling into the scope of the Prospectus Directive and for approving the simplified prospectuses relating to the offers to the public of securities that are outside the scope of Part II of the law on prospectuses for securities.

In order to strengthen the team existing within the CSSF since 1 July 2005 to ensure enforcement of the law on prospectuses for securities, thirteen Luxembourg Stock Exchange employees who worked in this field have been transferred to the Department Supervision of Securities Markets and the approval process went on coherently. As far as the internal organisation is concerned, the team in charge of the prospectus approval within the department is divided into three groups that handle specific approval files and one group that fulfils administrative tasks resulting from the implementation of the law on prospectuses for securities. With the aim of ensuring that applications for approval are handled efficiently, they are in principle distributed by category between the three groups within which file managers are in charge of scrutinising the prospectuses. Every group is assisted by a coordinator for issues relating to the application and interpretation of the regulations. Communication between the file managers, the coordinators and the agents ensuring the consistent application of the established standards and procedures takes place continuously in order to allow swift and coherent decision-making.

A total of 581 documents have been approved until 31 December 2005 under the new approval regime introduced by the law on prospectuses for securities since 1 July 2005, i.e. 283 prospectuses, 210 base prospectuses, 11 registration documents and 77 supplements.

Number of documents approved in 2005





DEPARTMENT SUPERVISION OF SECURITIES MARKETS

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DEPARTMENT SUPERVISION OF SECURITIES MARKETS

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