

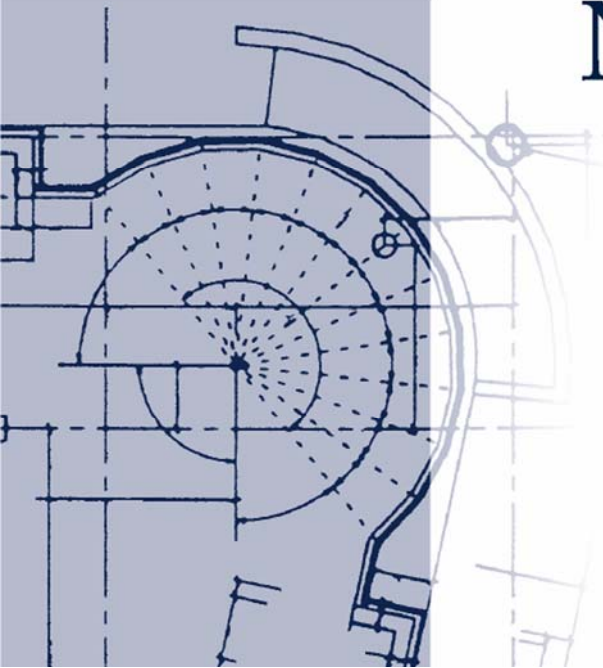
*N°52*

*May 2005*



# CSSF NEWSLETTER

COMMISSION de SURVEILLANCE  
du SECTEUR FINANCIER



## Presentation of the CSSF's Annual Report

On 11 May 2005, the CSSF presented its annual report 2004 to the press. The full French version of the report is available on the CSSF's website in section "[Publications](#)".

# Statistics

## Banks

### Balance sheet total of the banks almost unchanged as at 31 March 2005

As at 31 March 2005, the balance sheet total of the banks established in Luxembourg reached EUR 715.13 billion as compared to EUR 716.97 billion as at 28 February 2005, which is a decrease of 0.25%.

As at 31 March 2005, Luxembourg credit institutions employed a total of 22,711 people, representing an increase of 0.7% as compared to 31 December 2004, when total employment reached 22,554 people. Employment of Luxembourg banks as at 31 March 2004 totalled 22,360 people.

Following the withdrawal of Allgemeine Deutsche Direktbank International S.A., the number of banks registered on the official list as at 30 April 2005 decreased to 161 entities.

## Professionals of the financial sector (PFS)

### Increase in the balance sheet total

According to the provisional data provided as at 31 March 2005, the balance sheet total of all the PFS (171 active businesses) amounts to EUR 50.875 billion as against EUR 47.761 billion in the previous month, which represents an increase of 6.52% over a period of one month, and against EUR 4.208 billion as at 31 March 2004. This considerable growth in the balance sheet total between March 2004 and March 2005 is attributable to several factors.

On the one hand, the number of PFS rose from 147 entities as at 31 March 2004 to 171 entities as at 31 March 2005. On the other hand, among the newly authorised PFS are several undertakings performing credit offering and leasing or securities lending. Contrary to other categories of PFS, the business volume of these professionals is entirely reflected in their balance sheet total. As regards the breakdown of the balance sheet total as at 31 March 2005 between the different categories of PFS, the professionals performing securities lending take the top position, followed by the professionals performing credit offering.

The number of staff employed by PFS rose from 6,059 people as at 31 December 2004 to 6,160 people as at 31 March 2005, representing an increase of 101 people over the first quarter of 2005. Compared to 31 March 2004 (4,776 people), PFS employment rose by 1,384 people over a period of twelve months.

The positive development in PFS employment is due to the newly authorised institutions during the period under review.

Net provisional profit of all PFS reached EUR 80.53 million as at 31 March 2005 (171 active businesses) against EUR 103.53 million (147 active businesses) during the month of March 2004, i.e. a decrease of 22.22% year-on-year.

This negative development mainly results from the fact that several investment firms that had posted significant positive results on 31 March 2004 changed their status during 2004 into management companies under chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment.

As far as the breakdown of net profits as at 31 March 2005 between the different categories of PFS is concerned, the distributors of units/shares of investment funds take the top position, followed by the private portfolio managers.

### Distribution of the professionals of the financial sector according to status (as at 30 April 2005)

Category		Number
<i>Investment firms</i>		
Commission agents	COM	15
Private portfolio managers	GF	46
Professionals acting for their own account	PIPC	15
Distributors of units of investment funds	DIST	37
Underwriters	PF	2
Professional custodians of securities or other financial instruments	DEP	3
Registrar and transfer agents	ATR	11
<i>PFS other than investment firms</i>		
Financial advisors	COF	9
Brokers	COU	5
Market makers	TM	1
Currency exchange dealer	CHES	1
Debt recovery	RECO	3
Professionals performing credit offering	POP	6
Professionals performing securities lending	PPT	1
Administrators of collective savings funds	AFCE	1
Domiciliation agents of companies	DOM	31
Client communication agents	ACC	10
Administrative agents of the financial sector	AA	6
IT systems and communication networks operator of the financial sector	IT	13
Professionals performing services of setting up and of management of companies	PCG	3
Professionals of the financial sector authorised to exercise any activity referred to in section 1 of chapter 2 of part I of the amended law of 5 April 1993 on the financial sector, with the exception of the categories of PFS also referred to in section 2 of the same chapter	ART. 13	3
Entity authorised to exercise all the activities as PFS permitted by article 28 of the law of 15 December 2000 on postal services and financial postal services	EPT	1
<b>TOTAL*</b>		<b>172</b>

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

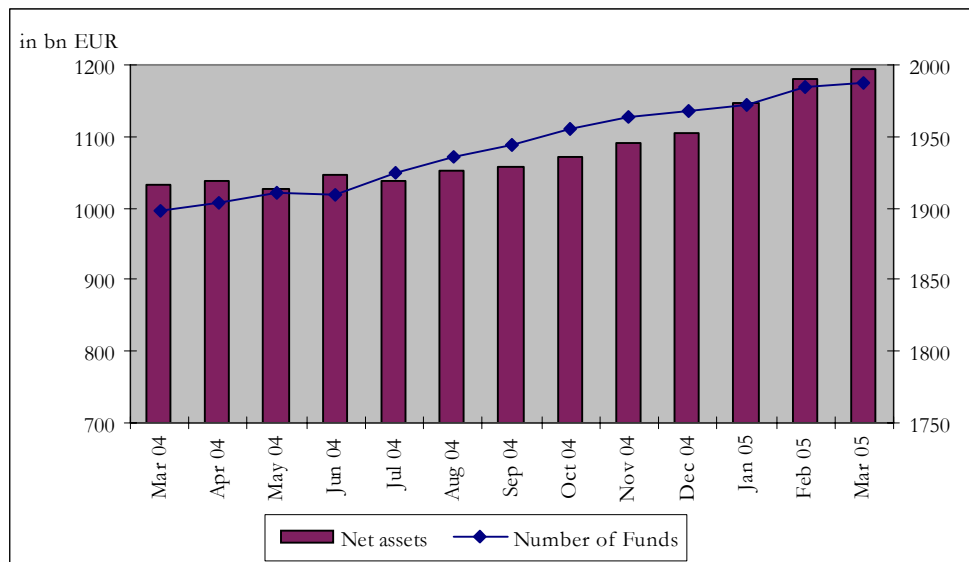
## Undertakings for collective investment

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

As at 31 March 2005, the total net assets of undertakings for collective investment reached EUR 1,194.010 billion compared to EUR 1,179.205 billion as at 28 February 2005. The Luxembourg undertakings for collective investment sector increased by 1.26% compared to February 2005. This increase is mainly attributable to the inflow of new capital. In March 2005, the sector increased by 7.94% compared to 31 December 2004 when the total net assets amounted to EUR 1,106.222 billion. Over the last twelve months, the volume of net assets increased by 15.61%.

During the month of March 2005, net capital investment amounted to EUR 18.773 billion.

The number of undertakings for collective investment taken into consideration totals 1,987 as against 1,984 the previous month. A total of 1,235 UCIs have adopted the multiple compartment structure, which represents 7,212 compartments. When adding 752 UCIs with a traditional structure to the previous figure, a total of 7,964 compartments are active in the financial centre.



## Management companies

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

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

LYXOR ASSET MANAGEMENT LUXEMBOURG S.A.. The company will be active in the field of collective management.

Following this authorisation, the number of management companies governed by chapter 13 of the law of 20 December 2002 concerning undertakings for collective investment and allowed to benefit from the European passport since 13 February 2004 by way of free establishment or free provision of services in another EU Member State amounts to 33 as at 30 April 2005.

**Circular CSSF 05/176**  
**on the rules of conduct to be adopted by undertakings for collective investment in transferable securities in relation to the use of financial derivative instruments**

Circular CSSF 05/176 of 5 April 2005, which addresses all Luxembourg undertakings for collective investment and the parties involved in the operation and supervision of such undertakings, transposes Commission Recommendation of 27 April 2004 on the use of financial derivative instruments for undertakings for collective investment in transferable securities (UCITS).

Its purpose is to set out rules of conduct to be observed by UCITS subject to Part I of the law of 20 December 2002 as amended in the context of the use of financial derivative instruments under article 41 (1) g) of this law.

The circular explains that article 42 (3) of the law of 20 December 2002 as amended, which lays down that UCITS shall ensure that the overall risk exposure related to financial derivative instruments does not exceed the total net asset value of their portfolio, means that the global exposure relating to the use of financial derivative instruments shall not exceed 100% of the net asset value (NAV or net assets) and hence that the UCITS' overall risk exposure shall not exceed 200% of NAV on a permanent basis.

Under the provisions of the circular, a distinction must be made whether UCITS are considered as “non-sophisticated” or as “sophisticated”.

As far as assessment of market risk is concerned, the circular provides that non-sophisticated UCITS should use the commitment approach, while sophisticated UCITS should use, in principle, the value-at-risk approach (VaR), combined with stress tests.

The circular also specifies the methods of leverage assessment, the counterparty risk, the application of limitations to issuer risk concentration and the cover of transactions on financial derivative instruments.

**Circular CSSF 05/177**

- **abolition of prior control by the CSSF of advertising material used by persons and companies supervised by the CSSF;**
  - **abrogation of point II. of Chapter L. of circular IML 91/75;**
- **abrogation of the two last sentences of point IV 5.11 of circular CSSF 2000/15**

This circular abrogates the prior control by the CSSF of advertising material used by persons and companies under its supervision. They are thus no longer compelled to communicate to the CSSF the content of their advertising messages intended for distribution to their clients or to the public. In particular, advertising material used by persons in charge of the distribution of the units of undertakings for collective investment and by their representatives, does not need to be submitted to the CSSF for control.

## Circular CSSF 05/178

### **Administrative and accounting organisation; outsourcing of IT services; abrogation of point 4.5.2. of circular IML 96/126 and replacement by point 4.5.2. of this circular**

Circular CSSF 05/178 of 11 April 2005 addresses all credit institutions and other professionals of the financial sector and mainly deals with outsourcing of IT services.

Point 4.5.2. of circular IML 96/126 is superseded by point 4.5.2. of circular CSSF 05/178, which takes into account the new legislative framework provided for by the law of 2 August 2003 amending the law of 5 April 1993 on the financial sector as amended. This law introduces, among others, the PFS status “IT systems and communication networks operator of the financial sector”.

The new circular presents four scenarios of IT outsourcing:

- services other than those relating to management and operation of IT systems and communication networks;
- intra-group;
- intra-group, cross-border;
- through a connected PFS in Luxembourg, authorised to act as IT systems and communication networks operator of the financial sector.

In short, the circular specifies, compared to the former point 4.5.2 of circular IML 96/126 that data confidentiality can be guaranteed through the judicious use of cryptography, that intra-group outsourcing, on the condition that it does not concern readable confidential data, is allowed under article 13(2) of the law, that intra-group cross-border outsourcing is allowed even if the subcontractor involves an entity outside the group and not under supervision, also on the condition that it does not concern readable data, and finally that outsourcing to a PFS authorised to act as IT systems and communication networks operator of the financial sector is subject to a notification to the CSSF and not to a request for authorisation.

Furthermore, as far as cross-border outsourcing is concerned, the documentation required by the foreign authorities concerned is amended compared to the former circular IML 96/126 which did only deal with the adequacy of security standards, while the objective now is to better understand the extent of the supervision performed by the authority concerned by the outsourcing.

# Press release

## **Profit and loss account of credit institutions as at 31 March 2005** **Press release of 18 April 2005**

Based on provisional figures as at 31 March 2005<sup>1</sup>, the Commission de Surveillance du Secteur Financier estimates gross profit before provisions of the Luxembourg banking sector at EUR 1,066 million. This amount represents an increase of 6.8% as compared to 31 March 2004, when profit before provisions reached EUR 998 million.

The different items of banking income continued their 2004 trend. Interest margin dropped (-2.4%) while commissions received increased (+5.7%). However, contrary to the first quarter of 2004, the growth in commissions received largely offsets the fall in interest income and the banking income increases by 5.2%. As regards costs, general expenses rise by 3.2% due to the considerable growth of staff costs (+6.7%).

Overall, the increase in banking income is largely sufficient to contain the rise in staff costs as reflected by the growth of 6.8% in profit before provisions.

### **Profit and loss account as at 31 March 2005**

Items in million EUR	2004	2005	%
Interest-rate margin <sup>2</sup>	932	909	-2.4%
Commissions received	664	702	5.7%
Other net income	200	278	38.9%
<b>Banking income</b>	<b>1,796</b>	<b>1,889</b>	<b>5.2%</b>
Staff costs	416	444	6.7%
Other general expenses	381	378	-0.7%
<b>General expenses</b>	<b>797</b>	<b>823</b>	<b>3.2%</b>
<b>Profit before provisions</b>	<b>998</b>	<b>1,066</b>	<b>6.8%</b>

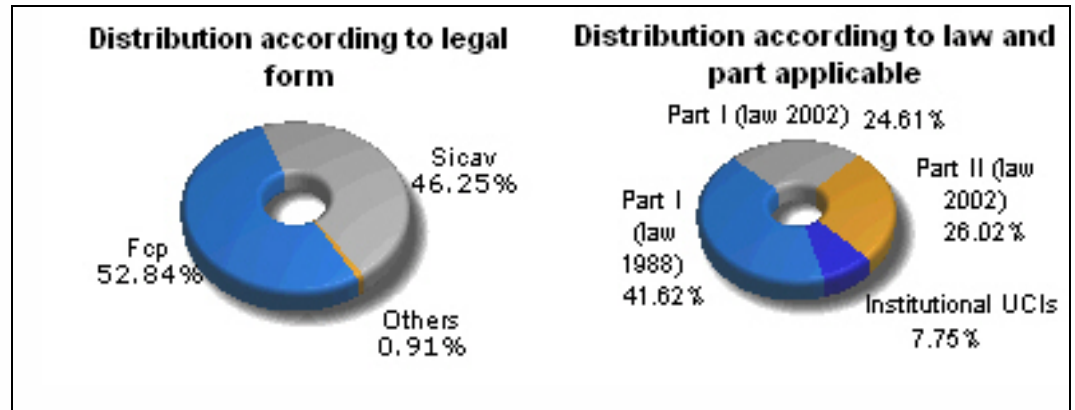
<sup>1</sup> Survey carried out on a sample of 96.2% of the profit before provisions.

<sup>2</sup> Including dividends received from subsidiaries.

## Quarterly statistics on the undertakings for collective investment industry - situation as at 31 March 2005

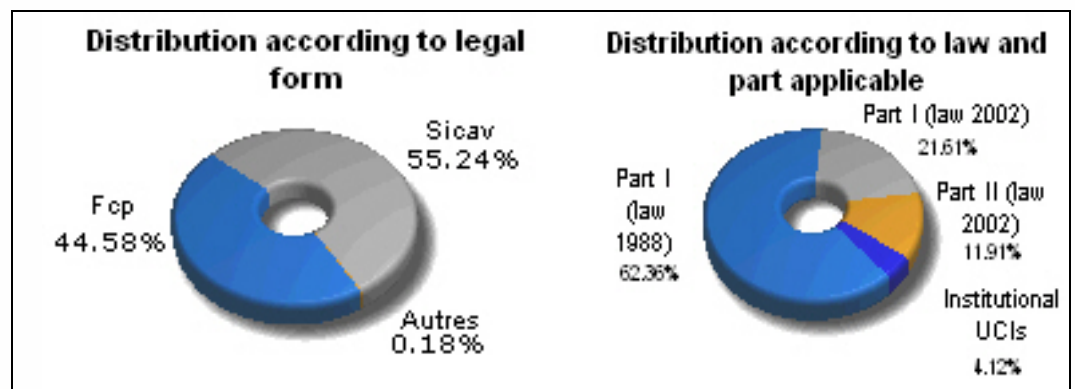
Every three months, in addition to the monthly statistics, the CSSF newsletter provides more detailed information on the investment fund sector, in particular regarding the origin of the promoters and the investment policy of the UCIs.

### Number of UCIs



Law, part \ legal form	Fcp	Sicav	Others	Total
Part I (law 1988)	407	416	4	827
Part I (law 2002)	358	131	0	489
Part II (law 2002)	195	310	12	517
Institutional UCIs	90	62	2	154
<b>Total</b>	<b>1 050</b>	<b>919</b>	<b>18</b>	<b>1 987</b>

### Net assets of UCIs



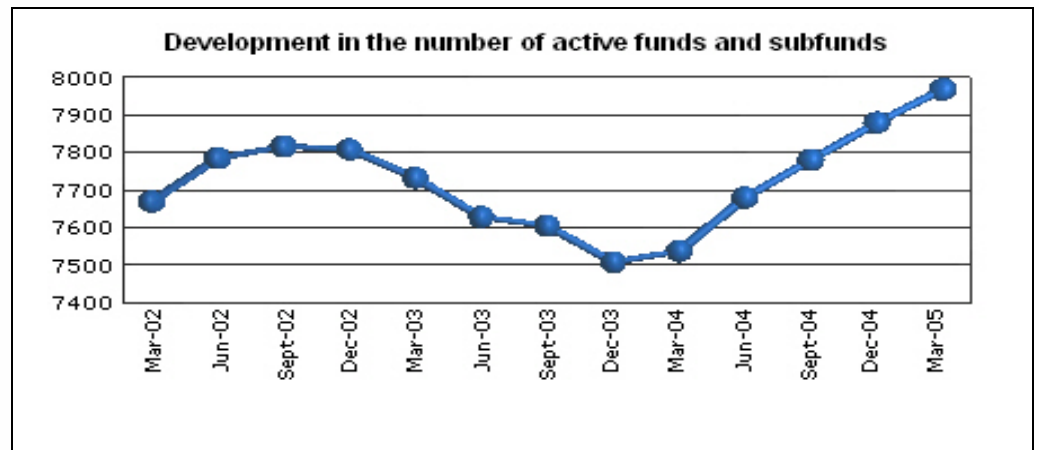
Law, part \ legal form	Fcp	Sicav	Others	Total
Part I (law 1988)	307.715	436.662	0.202	744.579
Part I (law 2002)	117.586	140.422	0.000	258.008
Part II (law 2002)	74.833	65.500	1.893	142.226
Institutional UCIs	32.130	16.981	0.086	49.197
<b>Total</b>	<b>532.264</b>	<b>659.565</b>	<b>2.181</b>	<b>1 194.010</b>



## Origin of the promoters of Luxembourg UCIs

	Net assets (in bn EUR)	in %
Switzerland	244.704	20.5%
United States	212.548	17.8%
Germany	208.472	17.5%
Italy	138.393	11.6%
Belgium	106.366	8.9%
United Kingdom	96.289	8.1%
France	72.194	6.0%
Netherlands	25.123	2.1%
Japan	25.077	2.1%
Sweden	21.751	1.8%
Others	43.093	3.6%
<b>Total</b>	<b>1 194.010</b>	<b>100.0%</b>

## Development in the number of units



## Investment policy of the Luxembourg UCIs

	Net assets (in bn EUR)
Fixed-income transferable securities <sup>3</sup>	592.032
Variable-yield transferable securities <sup>4</sup>	406.935
Mixed transferable securities	84.049
Fund of funds	95.217
Cash	7.162
Real estate	3.329
Futures, options, warrants	4.708
Other securities	0.578
<b>Total</b>	<b>1 194.010</b>

<sup>3</sup>Including EUR 186.200 billion in money market instruments and other short-term securities

<sup>4</sup>Including EUR 2.273 billion in non-listed transferable securities and 0.469 billion euro in venture capital.

## LIST OF BANKS

### Withdrawal:

**Allgemeine Deutsche Direktbank International S.A.**

Withdrawal on 22 April 2005

### Change of name:

NOBIS Société des Banques Privées

into

**HSH Nordbank Private Banking S.A.**

HSH Nordbank International S.A.

into

**HSH Nordbank Securities S.A.**

Landesbank Rheinland-Pfalz Girozentrale, Mainz (Allemagne), succursale de Luxembourg  
into

**Landesbank Rheinland-Pfalz, Mainz (Allemagne), Niederlassung Luxemburg**

### Change of address:

**American Express Bank (Luxembourg) S.A.**

74, rue Mühlenweg

L-2155 LUXEMBOURG

**Landesbank Rheinland-Pfalz, Mainz (Allemagne), Niederlassung Luxemburg**

10-12, boulevard Roosevelt

L-2450 Luxembourg

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

### New undertakings:

**FORTIS COMMERCIAL FINANCE S.A.**

16, rue Edward Steichen, L-2951 Luxembourg

authorised as professional performing credit offering

Ministerial authorisation of 20 April 2005

**FORTIS LEASE LUXEMBOURG S.A.**

16, rue Edward Steichen, L-2951 Luxembourg

authorised as professional performing credit offering

Ministerial authorisation of 20 April 2005

### Extension of status:

**COMPAGNIE FINANCIERE ET BOURSIERE LUXEMBOURGEOISE S.A.**

in abbreviated form "**COFIBOL**"

16, rue d'Eprenay, L-1490 Luxembourg

Extension of status from professional acting for his own account to that of registrar and transfer agent

## **MAITLAND LUXEMBOURG S.A.**

6, rue Adolphe Fischer

L-1520 Luxembourg

Extension of status from domiciliation agent of companies and administrative agent of the financial sector to that of registrar and transfer agent

### Withdrawals:

## **BEARBULL (LUXEMBOURG) S.A.**

Withdrawal on 16 April 2005

## **EUROLEASE-FACTOR S.A.**

Withdrawal on 18 April 2005

### Change of address:

## **TARENO (LUXEMBOURG) S.A.**

3, rue de la Poste

L- 2346 Luxembourg

## **LIST OF MANAGEMENT COMPANIES**

### New company:

## **LYXOR ASSET MANAGEMENT LUXEMBOURG S.A.**

15, boulevard Prince Henri

L-1724 Luxembourg

## **LIST OF INVESTMENT COMPANIES IN RISK CAPITAL (SICAR)**

### New companies:

## **APOLLO ELP SICAR**

21, Allée Scheffer

L-2520 Luxembourg

## **APOLLO USLP SICAR**

21, Allée Scheffer

L-2520 Luxembourg

## **RISINGSTAR VENTURES I S.C.A., SICAR, PART OF MEDIWIN**

11a, boulevard Prince Henri

L-1724 Luxembourg

## LIST OF UNDERTAKINGS FOR COLLECTIVE INVESTMENT (UCI)

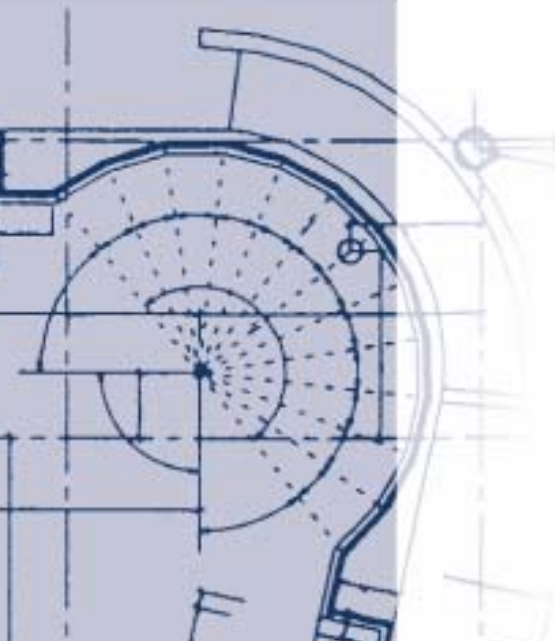
Registrations on and withdrawals from the official list of the Luxembourg undertakings for collective investment which fall under the law of 30 March 1988, the law of 20 December 2002 and the law of 19 July 1991, during the month of **March 2005**

### Registrations

- ACTIVEST-COMMODITIES; 4, rue Alphonse Weicker; L-2721 Luxembourg
- AMERROSEC; 1, boulevard Royal; L-2449 Luxembourg
- ARCUS JAPAN FUND; 20, boulevard Emmanuel Servais; L-2535 Luxembourg
- BELMONT (LUX); 28, avenue Monterey; L-2163 Luxembourg
- DONATELLO SICAV; 9-11, rue Goethe; L-1637 Luxembourg
- EUROSEC FUND; 1, boulevard Royal; L-2449 Luxembourg
- FIDELITY MULTI MANAGER FUNDS FCP; place de l'Etoile; L-1479 Luxembourg
- FT OPTIRENT 6/2009; 283, route d'Arlon; L-1150 Luxembourg
- LOMBARD ODIER DARIER HENTSCHE HORIZON; 39, allée Scheffer; L-2520 Luxembourg
- MOSAIC 1; 1, boulevard Royal; L-2449 Luxembourg
- MOSAIC 2; 1, boulevard Royal; L-2449 Luxembourg
- NORDEA ALTERNATIVE INVESTMENT; 672, rue de Neudorf; L-2220 Luxembourg-Findel
- PRIMA; 9, boulevard du Prince Henri; L-1724 Luxembourg
- TOP INVEST GRAND SLAM; 1-7, rue Nina et Julien Lefèvre; L-1952 Luxembourg
- UBS (LUX) STRUCTURED SICAV; 291, route d'Arlon; L-1150 Luxembourg

### Withdrawals

- A.L.S.A.-SYSTEM EUROPASTAR 3/2005; 25, rue Edward Steichen; L-2540 Luxembourg
- AL TAMARIS DIVERSIFIED FUND; 39, allée Scheffer; L-2520 Luxembourg
- AMERICAN EXPRESS WORLD FUNDS; 69, route d'Esch; L-1470 Luxembourg
- BERENBERG EURO STRATEGIE AKTIEN FONDS; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- DWS EUROCHANCE GARANT; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- DWS EUROPA GARANT; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- DWS GLOBAL GARANT; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- DWS NIKKEI GARANT; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- IDEA FUND; 8, avenue de la Liberté; L-1930 Luxembourg
- O'CONNOR GLOBAL CONVERTIBLE PORTFOLIO; 291, route d'Arlon; L-1150 Luxembourg
- RABOBANK HOLLAND FUND; 23, avenue de la Porte-Neuve; L-2227 Luxembourg
- THE MOVIE PORTFOLIO FUND; 13, rue Goethe; L-1637 Luxembourg



# Financial centre

Main updated figures regarding the financial centre:

Number of banks: **161** (30 April 2005)

Balance sheet total: **EUR 715.129 billion** (31 March 2005)

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

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

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Number of UCIs: **1,992** (10 May 2005)

Total net assets: **EUR 1,194.010 billion** (31 March 2005)

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Number of SICAR: **11** (30 April 2005)

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

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Number of management companies: **33** (30 April 2005)  
(Chapter 13 of the Law of 20 December 2002)

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

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Number of PFS: **172** (30 April 2005)

Balance sheet total: **EUR 50.875 billion** (31 March 2005)

Net profit: **EUR 80.53 million** (31 March 2005)

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

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

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Total employment in the supervised establishments: **29,124 people** (31 Dec. 2004)

Total employment in the supervised establishments: **29,488 people** (31 March 2005)

## CSSF Newsletter

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