

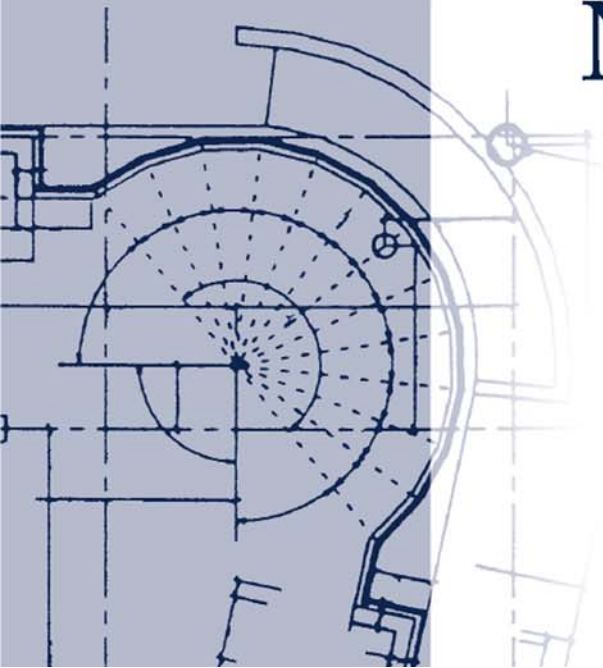
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# CSSF NEWSLETTER

COMMISSION de SURVEILLANCE  
du SECTEUR FINANCIER



## Banks

### Banks' balance sheet total as at 31 January 2003 reports a slight increase

At 31 January 2003, the balance sheet total of the banks established in Luxembourg reached EUR 667.07 billion as compared to EUR 662.62 billion as at 31 December 2002, which is an increase of 0.67 %.

The number of credit institutions registered on the official list of banks at 28 February 2003 amounted to 179, owing to the withdrawal of Crédit Agricole Indosuez Luxembourg following its split leading to the registration of Crédit Agricole Investor Services Bank Luxembourg and Crédit Agricole Indosuez Luxembourg.

## Professionals of the financial sector (PFS)

### Increase in the balance sheet total

According to the data provided as at 31 January 2003, the balance sheet total of all the professionals of the financial sector (144 active businesses) amounted to EUR 2.490 billion as against EUR 2.269 billion as at 31 December 2002, which represents an increase of 9.73 % as compared to the previous month.

The net profit for all the professionals of the financial sector amounts to EUR 30.31 million as at 31 January 2003.

### Distribution of the professionals of the financial sector according to their status (as at 28 February 2003)

Category		Number
Commission agents	COM	17
Financial advisors	COF	8
Brokers	COU	5
Professional custodians of securities or other financial instruments	DEP	3
Distributors of units of investment funds	DIST	46
Domiciliation agents of companies	DOM	35
Private portfolio managers	GF	51
Underwriters	PF	3
Professionals acting for their own account	PIPC	16
Market makers	TM	2
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>144</b>

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

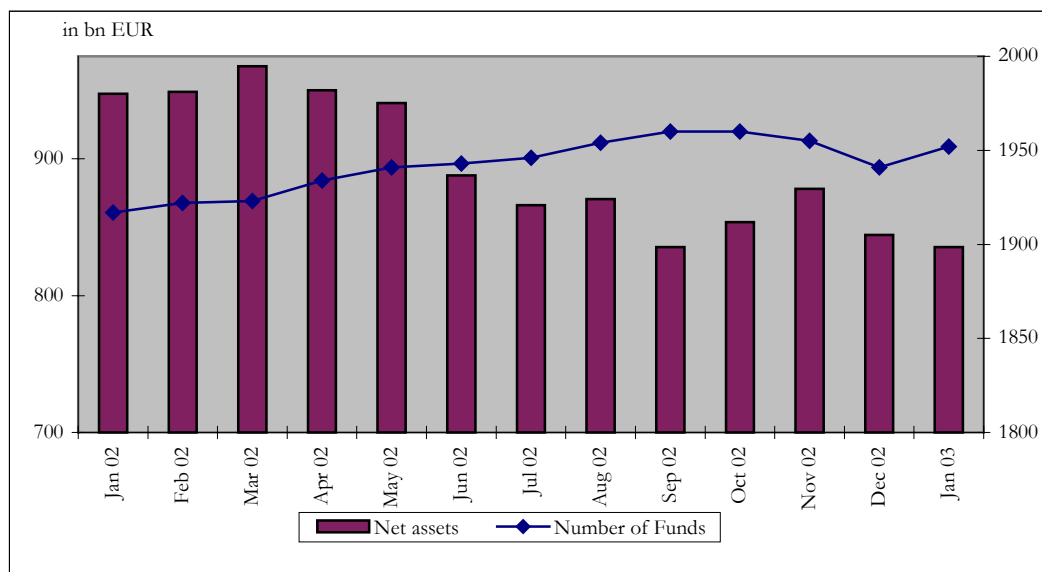
## Undertakings for collective investment

### Decrease in UCI's total net assets at the end of January 2003

As at 31 January 2003, the total net assets of undertakings for collective investment reached EUR 835.475 billion compared to EUR 844.508 billion as at 31 December 2002. Consequently, the Luxembourg undertakings for collective investment sector decreased by 1.07% compared to December 2002. Over the last twelve months, the volume of net assets decreased by 11.83%.

During the month of January 2003, the net capital investment amounted to EUR 10.303 billion.

The number of undertakings for collective investment taken into consideration totals 1,952 as against 1,941 the previous month. A total of 1,199 UCIs have adopted the multiple compartment structure, which represents 7,067 compartments. When adding 753 UCIs with a traditional structure to the previous figure, 7,820 compartments are active in the financial centre.



## Recent regulatory developments

### **CSSF Circulars 03/89, 03/91, 03/92, 03/96, 03/98 and 03/99 regarding the identification and declaration of business relationships with terrorist circles**

Following the publication of several Commission Regulations, the CSSF updated the list of certain persons and entities associated with Usama bin Laden, the Al-Qaida network and the Taliban to whom the freezing of funds and economic resources apply.

### **CSSF Circular 03/90 Measures against UNITA (União Nacional para a Independência Total de Angola)**

The CSSF draws the attention of the persons and entities under its supervision to the fact that the European Commission decided to lift the prohibitions, namely the freezing of funds and financial resources held outside Angola and belonging to UNITA, considering the measures taken by the Angolan government and UNITA to fulfil their obligations in the peace process. Consequently, CSSF Circulars 01/43, 02/52 and 02/56 are repealed.

### **CSSF Circular 03/93 supplementing CSSF Circulars 00/16, 01/31, 01/37, 01/48, 02/66, 02/73, 03/86 and IML 94/112 on the fight against money laundering and the prevention of the use of the financial sector for money- laundering purposes**

CSSF Circular 03/93 of 18 February 2003 draws the attention of the persons and entities under its supervision to the updated list of non-co-operative countries and territories published by the Financial Action Task Force (FATF): Cook Islands, Egypt, Guatemala, Indonesia, Myanmar, Nauru, Nigeria, Philippines, St. Vincent and the Grenadines and Ukraine.

Grenada has been removed from the list, unlike Ukraine, which remains on the list despite the fact that FATF lifted the application of counter-measures following the promulgation of an important anti-money-laundering legislation by Ukraine.

### **CSSF Circular 03/94 concerning restrictive measures in respect of Zimbabwe**

In accordance with Council Regulation (EC) No 313/2003, the CSSF Circular 03/94 of 24 February 2003 extends the period of application of the restrictive measures against Zimbabwe by twelve months, i.e. until 20 February 2004, unless its period of application further renewed.

**CSSF Circular 03/97  
concerning the simplified and complete prospectuses as well as the  
annual and half-yearly reports that undertakings for collective  
investment must publish in the database of the financial centre**

CSSF Circular 03/97 of 28 February 2003, aimed at all Luxembourg undertakings for collective investment (UCIs) and at all those engaged in the operation and control thereof, is designed to specify the publication modes of simplified and complete prospectuses and the annual and half-yearly reports that UCIs shall publish for their investors in accordance with Chapter 17 of the Law of 20 December 2002 regarding UCIs.

CSSF Circular 03/97 states that the *Centrale de Communications Luxembourg S.A.* (CCLux) set up a database of the financial centre in order to create an infrastructure allowing investors and professionals of the industry to access by electronic means all the prospectuses as well as the annual and half-yearly reports concerning Luxembourg UCIs.

Pursuant to Article 114(2) of the Law of 20 December 2002, simplified and complete prospectuses as well as annual and half-yearly reports of UCIs subject to the aforementioned Law must be published in the database of the financial centre. This obligation does not apply to UCIs subject to the Law of 19 July 1991 regarding UCIs the securities of which are not intended to be placed with the public.

Moreover, it is recommended that UCIs subject to the Law of 30 March 1988 regarding UCIs also comply with this obligation of publication in the database.

The CSSF may grant, if duly justified, an exemption as regards the publication of prospectuses and annual and half-yearly reports in the database of the financial centre.

A separate Circular, specifying the modes of transmitting prospectuses and annual and half-yearly reports of UCIs to the CSSF and CCLux, will be published when the database becomes operational.

## **Launching of the Capital Adequacy webpage on the CSSF Internet site**

As announced in February 2003, the CSSF just launched on its website a new sub-section concerning the [new regulatory framework as regards capital adequacy](#). This new section contains documents relating to the New Basel Accord (“Basel II”) and the new EU Directive on capital adequacy (“CAD 3”), discussion documents and a Frequently asked questions (FAQ) section.

The CSSF invites all the players of the financial sector concerned by the preparation to the application of the new rules and all the persons interested in this subject to refer to the available documents. The sub-section will be updated as developments arise in order to be used as information, consultation and discussion platform.

Furthermore, the CSSF just launched a new sub-section concerning the [corporate governance and functioning of the CSSF](#), namely describing the system according to which the CSSF is managed and controlled and specifically informing about the organisation of the administration and management of the CSSF.

## **Coming into force of the Directive concerning financial conglomerates**

The Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council came into effect on 11 February 2003. The national provisions taken according to the Directive shall first apply to the supervision of accounts for the financial year beginning on 1 January 2005 or during that calendar year.



## ALFI Spring Conference

At a conference organised within the framework of the Spring Conference of the *Association luxembourgeoise des fonds d'investissements* held this year from 11 to 13 March 2003 at the Hemicycle Kirchberg, Mrs Simone DELCOURT, head of the department "Supervision of UCIs", presented the perspective of the CSSF as regards the impact of the implementation of the new European Directives concerning undertakings for collective investment in transferable securities (UCITS III):

[...]

*The core of the speech was the new legislative environment for the Luxembourg UCIs in particular, the questions:*

- *What is the reason for two laws running in parallel?*
- *What will the future of the Luxembourg Fund Industry look like until 2007?*

*I mentioned that the European Commission clearly stated that a level playing field must be established between the different Member States and that no Member State will gain by being the first to implement the UCITS III directives.*

*As the Commission has clearly stated that the free passporting under UCITS III will only start after the 12th February 2004, it was important to pay close but critical attention to the consequences, which a modification of our existing Law of 1988 might have on the fund industry. We came to the conclusion, that the implementation of UCITS III into the existing Law of 1988 would have negative effects. In fact, we were of the opinion that modifying the Law of 1988 could raise multiple barriers. As you know, the grandfathering clause is only applicable to UCITS created before 13th February 2002. Therefore, the main reason for creating a New Law, was to ensure that the UCITS created before 13th February 2002 would not encounter difficulties in their marketing strategies on a cross border level.*

*In relation to the future of the Luxembourg Fund Industry I mentioned three major aspects of the New Law: the marketing of Luxembourg funds in the EU, the reorganisation of fund structures and finally the workload relating to these changes.*

*I am of the opinion that, disregarding the current poor financial market situation, the CSSF believes that there will only be a 3 to 5% increase in the number of funds which will use the passporting. Firstly, the CSSF is of the opinion that a moderate increase will be due to the creation of new funds in 2004. Secondly, out of the existing part II funds I should mention that their investment policies, for example for fund of funds, does not fit the investment policy restriction set by the New Law for part I fund of funds or that these funds are not intended to be distributed in the EU.*

## LIST OF BANKS

### New establishments:

#### **Crédit Agricole Investor Services Bank Luxembourg**

39, allée Scheffer, L-2520 Luxembourg  
B.P. 1104, L-1011 Luxembourg  
Ministerial authorisation of 28 February 2003

#### **Crédit Agricole Indosuez Luxembourg**

39, allée Scheffer, L-2520 Luxembourg  
B.P. 1104, L-1011 Luxembourg  
Ministerial authorisation of 28 February 2003

### Withdrawal:

On 28 February 2003

#### **Crédit Agricole Indosuez Luxembourg**

### Change of postal address:

#### **Bunadarbanki International S.A. (Luxembourg) B.I. Bank**

B.P. 1133, L-1011 LUXEMBOURG

#### **Caixa Gerál de Depositós, Luxembourg branch**

B.P. 1221, L-1012 LUXEMBOURG

#### **The Bank of New York Europe Ltd, Luxembourg branch**

1A, rue Höhenhof, L-1736 SENNINGERBERG

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

### Withdrawal:

#### **FIGESTOR S.A.**

Renouncement of its PFS status with effect from December 2002

### Change of address:

#### **ING TRUST (LUXEMBOURG) S.A.**

5, rue Eugène Ruppert, L-2453 Luxembourg

### Extension of status:

#### **VMS KEYTRADE LUXEMBOURG S.A.**

Extension of the status as broker to **commission agent**  
Ministerial authorisation of 21 February 2003



## 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 and the official list of undertakings for collective investment which fall under the law of 19 July 1991, during the **month of January 2003**

### Registrations

- ABSOLUTE RETURN STRATEGY SICAV, 69, route d'Esch, L-1470 Luxembourg
- ADCIRCULUM, 14, boulevard Royal, L-2449 Luxembourg
- AL THIMAR SICAV, 5, rue Plaetis, L-2338 Luxembourg
- ARTEN SICAV, 12, avenue de la Liberté, L-1930 Luxembourg
- COSMOS FUNDS, 23, avenue de la Porte-Neuve, L-2227 Luxembourg
- DIT-STIFTUNGSFONDS BALANCED, 6A, route de Trèves, L-2633 Senningerberg
- DIT-STIFTUNGSFONDS BONDS, 6A, route de Trèves, L-2633 Senningerberg
- DJE INVEST, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- DJE, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- EUROPEAN RESPONSIBLE CONSUMER FUND, 11, rue Aldringen, L-1118 Luxembourg
- FIDELITY NIKKO GLOBAL SELECTION, place de l'Etoile, L-1479 Luxembourg
- FONDOR, 282, route de Longwy, L-1940 Luxembourg
- GLG MULTI-STRATEGY FUND SICAV, 1A, rue Höhenhof, L-1736 Senningerberg
- ITAÚ INTERNATIONAL PRIVATE BANK 3-D FUND OF FUNDS, 5, rue Jean Monnet, L-2180 Luxembourg-Kirchberg
- J.P. MORGAN ATLAS STRATEGIES FUND, 8, rue de la Grève, L-1643 Luxembourg
- J.P. MORGAN TOKYO FUND II, 6, route de Trèves, L-2633 Senningerberg
- LIBERTY ERMITAGE GLOBAL STRATEGY FUND, 17, rue des Bains, L-1212 Luxembourg
- LRI TOPSELECT, 1C, Parc d'activité Syrdall, L-5365 Munsbach
- LUXEMBOURG PLACEMENT FUND, 291, route d'Arlon, L-1150 Luxembourg
- MILLENNIUM ASSET GLOBAL STRATEGIE, 4, rue Alphonse Weicker, L-2721 Luxembourg-Kirchberg
- REYL (LUX) GLOBAL FUNDS, 14, boulevard Royal, L-2449 Luxembourg

### Withdrawals

- BNP FLOOR FUND, 5, rue Jean Monnet, L-2180 Luxembourg-Kirchberg
- BNP INVEST, 5, rue Jean Monnet, L-2180 Luxembourg-Kirchberg
- BNP PORTFOLIO, 5, rue Jean Monnet, L-2180 Luxembourg-Kirchberg
- BNP PROTECTED, 5, rue Jean Monnet, L-2180 Luxembourg-Kirchberg
- COLOGNE FOREX FUND, 4, rue Jean Monnet, L-2180 Luxembourg-Kirchberg
- FIRMEN VERBÄNDE INVEST, 6A, route de Trèves, L-2633 Senningerberg
- HB INSTITUTIONAL INVESTMENT FUND, 146, boulevard de la Pétrusse, L-2330 Luxembourg
- POLISH INVESTMENT COMPANY, 33, boulevard du Prince Henri, L-1724 Luxembourg
- PRI-CHALLENGE SWISS SMALL AND MID-CAP FUND SICAV, 20, boulevard Emmanuel Servais, L-2535
- TECIS DYNAMIC FUND, 2, boulevard Konrad Adenauer, L-1115 Luxembourg

# Financial centre

Main updated figures regarding the financial centre:

Number of banks: **179** (28 February 2003)

Balance sheet total: **EUR 667.073 billion** (31 January 2003)

Profit before reserves: **EUR 2.660 billion** (31 December 2002)

Employment: **23,300 people** (31 December 2002)

Number of UCIs: **1,953** (13 March 2003)

Total net assets: **EUR 835.475 billion** (31 January 2003)

Number of pension funds: **8** (28 February 2003)

Number of PFS: **144** (28 February 2003)

Balance sheet total: **EUR 2.490 billion** (31 January 2003)

Net profit: **EUR 30.31 million** (31 January 2003)

Employment: **4,399 people** (31 December 2002)

Total employment in the supervised establishments: **28,062 people** (31 Dec. 2001)

Total employment in the supervised establishments: **27,699 people** (31 Dec. 2002)

## CSSF Newsletter

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