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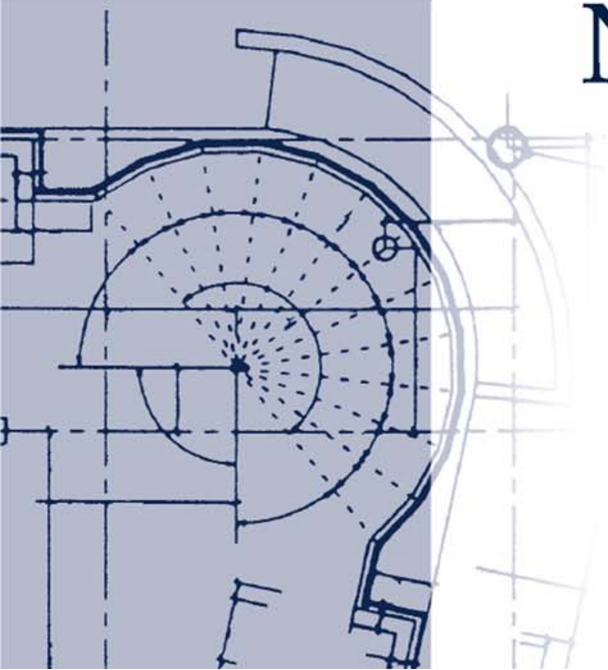
November 2003

CSSF NEWSLETTER



COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER

Speech

On the occasion of the Banking Day organised by PriceWaterhouseCoopers on 13 November 2003 in Mondorf-les-bains, Mr Jean-Nicolas SCHAUS (Director general of the CSSF) focused his speech on the general principles as regards supervision and expressed his opinion on the situation of the financial centre.

Resting on recommendations addressed in 1863 by Mr Hugh Mc Culloch, Comptroller of the currency, to the central banks of the Federated States, he illustrated the relevance of these commonsense principles and formulas in the world of finance of the 21st century, characterised however by an increasing sophistication.

"I'll first deal with the general principles of prudence pronounced by Mr McCulloch:

"*Let no loans be made that are not secured beyond a reasonable contingency. Do nothing to foster and encourage speculation. Give facilities only to legitimate and prudent transactions. Make your discounts on as short time as the business of your customers will permit, and insist upon the payment of all paper at maturity, no matter whether you need the money or not.*"

The description of the risks of credit concentration is also very perceptive:

"Distribute your loans rather than concentrate them in a few hands. Large loans to a single individual or firm, although some times proper and necessary, are generally injudicious, and frequently unsafe. Large borrowers are apt to control the bank; and when this is the relation between a bank and its customers, it is not difficult to decide which in the end will suffer. Every dollar that a bank loans, above its capital and surplus, it owes for, and its managers are therefore under the strongest obligation to its creditors, as well as to its stockholders, to keep its discounts constantly under its control."

In the current world of finance, the question of risk concentration is far from having become a theoretical issue. It is still one of the first commandments of banking and will always be. The legitimate worries concerning the enormous commitments contracted by telecommunications companies, the debts of which reach abyssal amounts, and which arose when the Internet and telecommunications bubble started to burst as from the year 2000, are a good example. […]

For the banker, the quality of the relationship with the customer is a golden rule for a successful business conduct. Mr McCulloch puts it in clear words: *"Treat your customers liberally, bearing in mind the fact that a bank prospers as its customers prosper, but never permit them to dictate your policy."*

Who wouldn't approve the principle that the customer deserves best treatment because a bank prospers as its clients prosper, while at the same time ensuring that the latter won't dictate its policy?

For a financial institution, which is a commercial company, the quality of services remains an essential selling point. It might even be possible that the weight of this selling point tends to increase in the coming years due to the progressive harmonisation of business conditions in the financial sector.

The quality of the relations with the customers rests on a perfect knowledge of the latter. This goes both ways, in a positive as well as in a negative way. I quote Mr McCulloch in this respect:

"If you doubt the propriety of discounting an offering, give the bank the benefit of the doubt and decline it; never make a discount if you doubt the propriety of doing it. If you have reason to distrust the integrity of a customer, close his account. Never deal with a rascal under the impression that you can prevent him from cheating you. The risk in such cases is greater than the profit."

The use of a financial institution for criminal purposes is a permanent risk, which is not always met with enough vigilance. I will of course say a few words about the fight against money laundering. But I would also like to mention the serious case where a financial institution is dragged into cases of fraudulent bankruptcies and fraud. These cases of embezzlement are rare in the Luxembourg financial centre, but numerous enough to merit consideration. They have serious consequences for the injured persons, but also lead us as supervisory authority to lose trust in the managing team of the institutions concerned. […]

Ladies and Gentlemen,

A bank must not only protect itself from the outside, but also from the inside.

Let's get back to the precepts of Mr Mc Culloch on this subject: "*Pay your officers such salaries as will enable them to live comfortably and respectably without stealing; and require of them their entire services. If an officer lives beyond his income, dismiss him; even if his excess of expenditures can be explained consistently with his integrity, still dismiss him. Extravagance, if not a crime, very naturally leads to crime. A man cannot be a safe officer of a bank who spends more than he earns."*

These words may make you smile. But, again, when analysing the cases of fraud and malfunctioning we had to confront, I can only note their pertinence. Cases of fraud are rare, but at the same time they serve as example. They should thus be thoroughly analysed in order to draw organisational lessons, as nobody could ever guarantee the absolute honesty of his entire staff. Compliance with certain essential organisational rules allows to prevent such events or at least makes them less likely to happen.

In order to conclude this aspect, I'll quote these last, more general recommendations, which are exemplary:

"It should be a chief aim (...), of the managers of the banks, to make their respective institutions strong; not only to keep their capital from being impaired, but gradually to create a surplus that will be a protection to their capital and to their creditors in the trying times that sooner or later happen to all banking institutions.

Pursue a straightforward, upright, legitimate banking business. Never be tempted by the prospect of large returns to do anything but what may be properly done under the National Currency Act. Splendid financiering is not legitimate banking, and "splendid financiers" in banking, are generally either humbugs or rascals."

As you may notice, formulas from the past are still valid today. These are in fact general principles, which are vital, just as the general principles of law at the basis of a legal system. But their existence alone is no guarantee against misconduct: they are absolutely necessary, but not sufficient."

Commenting on the development of the financial centre, Mr SCHAUS first noted that the latter did resist rather well, recording flattering results as compared to other financial markets in sometimes difficult economic environment.

"This leads me of course to say a few words about he current situation of the financial centre, at a time where the most recent figures reveal a reversal of the trend, certainly not very spectacular, but real.

While the first two quarters of the year confirmed the downward trend of activities in terms of balance sheet totals, profit and loss accounts as well as employment, the third quarter seems to signal a certain recovery: bond yields strengthened and stock markets confirmed their revival so much that the banks in the financial centre generated a banking income registering, at 30 September 2003, only a slight decline of 2% as compared to 2002. Let me remind you that this drop reached more than 5% at the end of the first half of the year. The figures concerning undertakings for collective investment, as well as professionals of the financial sector, also reveal a consolidation of the financial and stock market situation at a level which remains high.

The prospect of an upturn is of course good news for the financial centre, which you will appreciate at its true worth. But I think it is essential not to restrain our analysis to a bare observation, however perceptive it may be, of the economic cycles, which punctuate the business activity. The international economic situation is a determining, but not exclusive factor: what I mean by that is that the Luxembourg financial centre is subject to its own particular structural developments, which should be taken into account at their true value.

What should be said about the last years?

First, in my opinion, the idea that the financial centre did resist well. I would not want to overuse figures. The progressive and gradual decline of profit and loss accounts of Luxembourg financial institutions remains very flattering compared to the development of other financial markets in a sometimes difficult economic situation. This proves that Luxembourg rests on very solid foundations and that the diversification policy initiated by the financial centre has undeniably borne fruit, as the failure of one activity may be offset by the vitality of another one, such as the investment funds industry.

What may have the most fundamentally changed in Luxembourg is a climate, the idea that an almost exponential period of growth has come to an end. The realisation that the Luxembourg economy was not growing anymore came as a surprise. Indeed, things seem to have changed overnight.

And the blame, partly for the wrong reasons, was soon laid on the financial sector, which had been the driving force behind the national economy. This situation gave rise to misunderstandings, because, even though the financial sector stagnated or declined, it remained at a very high level. In a word, the financial sector never stopped contributing decisively to the well-being of the country, even though it was not in a position anymore to contribute to the growth of national wealth.

As the sky is starting to clear, even the most optimistic among us hesitate to announce a return to a sort of golden age, which started at the end of the eighties and ended with the century. Too many external elements have changed. Besides, we don't know where to find these factors which would generate this potential extra activity: the draining of the stock exchange has durably changed behaviours, private banking is subject to an increasingly competitive environment, credit activity is not likely to give rise to bursts of enthusiasm.

Everything thus suggests that we are entering a new stage, characterised by a stabilisation of activities, the preservation of significant added value, but also by the lack of appropriate growth dynamics able to act as driving force behind the Luxembourg economy as a whole.

In such a context, a "reasonable" attitude of the market participants seems more than ever necessary. As the era of easiness is over, each unreasonable behaviour or expectation would be immediately punished, as misuses or errors cannot be offset.

I consider therefore that the terms "reason" and "reasonable" may be the leitmotiv of our attitude for the year 2004.

Reasonable in the analysis of the chances of the financial centre, which means seizing the opportunities and being convinced that they exist.

Reasonable in the analysis of the dangers threatening the financial centre, which means avoiding to spread gloom and doom announcing, without thinking, the end of the financial centre.

Reasonable in the analysis of what the financial centre represents and of its development, which means no unrestrained optimism defying realities.

Ladies and Gentlemen,

To conclude, I would therefore invite you to keep a sense of moderation when conducting your business and to stand by the major general principles of your profession. By doing this, I don't think I am taking you back to the 19th century to face the challenges of the 21st. I simply consider that keeping to formulas which proved efficient remains the best means of preparing the future".

Banks

Slight increase in the banks' balance sheet total as at 30 September 2003

At 30 September 2003, the balance sheet total of the banks established in Luxembourg reached EUR 659.75 billion as compared to EUR 658.63 billion as at 31 August 2003, which is a slight increase of 0.17%.

At 30 September 2003, total employment of Luxembourg credit institutions reached 22,598 persons, decreasing 4.2% as compared to 30 September 2002, when the workforce totalled 23,592 persons. Total employment in Luxembourg banks as at 30 June 2003 amounted to 22,830 persons.

Due to the changes to the official list of banks (withdrawal of Banque pour l'Europe S.A. and that of the branch of Banco Popolare di Verona e Novara Scarl), the number of credit institutions registered on the official list of banks amounts to 172 as at 31 October 2003.

Professionals of the financial sector (PFS)

Increase in the balance sheet total

According to the data provided as at 30 September 2003, the balance sheet total of all the professionals of the financial sector (142 active businesses) amounted to EUR 2.491 billion as against EUR 2.383 billion as at 31 August 2003, which represents an increase of 4.53%. This growth in the balance sheet total compared to the previous month is mainly due to a few large-sized entities.

As regards the breakdown of the balance sheet total between the various categories of PFS at 30 September 2003, the professional custodians of securities take the top position, followed by the distributors and the private portfolio managers.

Staff employed by the other professionals of the financial sector totals 4,307 persons as at 30 September 2003 against 4,243 persons at 30 June 2003, representing an increase of 64 persons during the third quarter of 2003.

The net profit of all the professionals of the financial sector amounts to EUR 311.03 million as at 30 September 2003 (142 active businesses) against EUR 271.80 million as at 30 September 2002 (149 active businesses), a growth of 14.43% in absolute terms.

As regards the breakdown of net profits between the various categories of PFS as at 30 September 2003, the professional custodians of securities take the top position, followed by the private portfolio managers and the distributors of units/shares of investment funds.

Distribution of the professionals of the financial sector according to their status
(as at 31 October 2003)

Category		**Number**
Investment firms		
Commission agents	COM	16
Private portfolio managers	GF	49
Professionals acting for their own account	PIPC	16
Distributors of units of investment funds	DIST	46
Underwriters	PF	3
Professional custodians of securities or other financial instruments	DEP	3
PFS other than investment firms		
Financial advisors	COF	9
Brokers	COU	5
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
Domiciliation agents of companies	DOM	35
Client communication agent	ACC	1
TOTAL *		**141**

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

Banks

Clear improvement in the banks' results during the third quarter 2003
(press release of 17 October 2003)

Based on provisional figures as at 30 September 2003 (representing 93.6% of the profit before provisions of the financial centre), the aggregated profit and loss account of Luxembourg credit institutions reveals gross profits before provisions of EUR 2.9 billion, decreasing 2.2% as compared to the third quarter 2002, when the profit before provisions amounted to EUR 3 billion.

In general, the market conditions developed favourably over the third quarter of 2003. The bond yields strengthened and stock markets confirmed the recovery they have begun in the second quarter. In this context, the banks of the financial centre record a banking income of EUR 5.2 billion, representing a decrease of 2.3% as compared to 30 September 2002. However, compared with the fall of 5.4% recorded by the banking income as at 30 June 2003, this development is quite positive. The main components of the banking income experienced the same recovery, especially as regards commissions received, which totalled EUR 1.7 billion as at 30 September 2003. Commissions received decreased 7.4% year on year (12.8% last June) due to particularly weak stock market performances during the first half of the year. Interest-rate margin, fell 2% year on year, amounting to EUR 2.7 billion. This decrease can be explained by the fall in the balance sheet totals (volume effect) as well as by the shortfall in earnings on capital investments due to the current weakness of return on the money market (price effect).

As regards costs, the cuts in the budgets continue. As compared to 30 September 2002, the efforts to reduce costs lead to a decrease of 2.4% in general expenses. This drop concerns operating expenses (-2%) as well as staff costs (-2.8%)

The cost/income ratio remains stable at 44%, a ratio which is still favourable compared with the situation of banks abroad.

Profit and loss account as at 30 September 2003[1]

Items in million EUR	*2002*	*2003*	*%*
Interest-rate margin[2]	*2,795*	*2,741*	*-2.0%*
Commissions received	*1,838*	*1,702*	*-7.4%*
Other net income	*649*	*720*	*10.9%*
Banking income	***5,283***	***5,163***	***-2.3%***
Staff costs	*1,204*	*1,171*	*-2.8%*
Other operating expenses	*1,121*	*1,098*	*-2.0%*
General expenses	***2,325***	***2,269***	***-2.4%***
Profit before provisions	***2,958***	***2,894***	***-2.2%***

[1] *Survey effected on a sample representing 93.6% of the profit before provisions of the financial centre*
[2] *Including dividends received from subsidiaries*

Undertakings for collective investment

Slight decrease in UCI's total net assets at the end of September 2003

(press release of 27 October 2003)

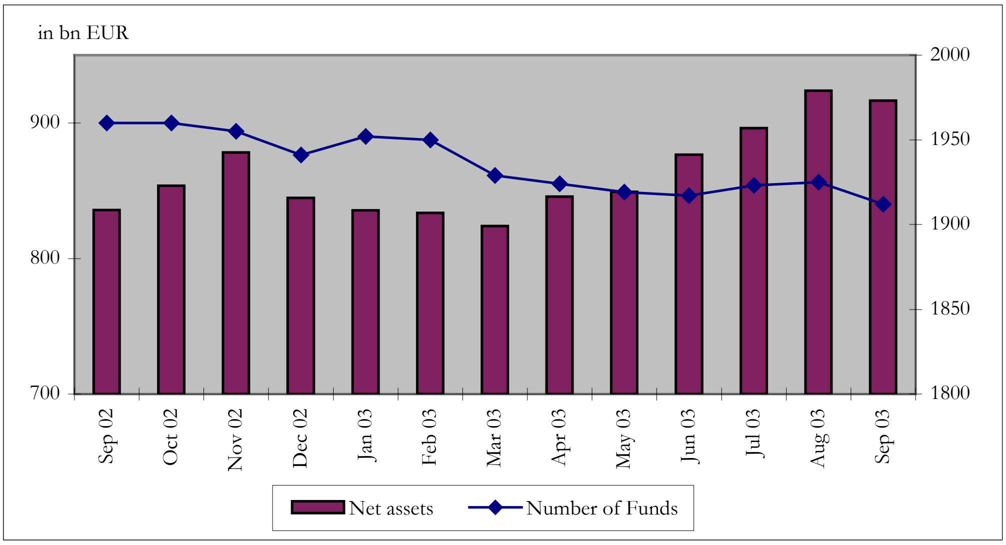
As at 30 September 2003, the total net assets of undertakings for collective investment reached EUR 916.417 billion compared to EUR 923.837 billion as at 31 August 2003. Consequently, the Luxembourg undertakings for collective investment sector decreased 0.80% compared to August 2003. This reduction can be explained mainly by the general decrease in financial markets as well as by the appreciation of the euro against the US dollar.

For the month of September 2003, the sector increased 8.51% compared to 31 December 2002 when the total net assets amounted to EUR 844.508 billion. Over the last twelve months, the volume of net assets increased 9.67%.

During the month of September 2003, the net capital investment amounted to EUR 10.149 billion. Compared to 31 December 2002, the net capital investment amounts to EUR 55.633 billion.

Statistics

The number of undertakings for collective investment taken into consideration totals 1,912 as against 1,925 the previous month. A total of 1,191 UCIs have adopted the multiple compartment structure, which represents 6,884 compartments. When adding 721 UCIs with a traditional structure to the previous figure, 7,605 compartments are active in the financial centre.



Miscellaneous

The Directors and personnel of the CSSF learned with great sadness of the passing of Mr René Franck, who had acted as Commissioner for the Control of Banks from 1954 to 1959.
Mr Franck was an outstandingly professional and affable person.

Regulation

Recent regulatory developments

CSSF Circular 03/113
on practical rules concerning the task of external auditors of investment firms

Circular CSSF 03/113 of 21 October 2003 defines the scope of the auditing mandate of yearly accounting documents, as well as the content of the audit report, as provided for by Article 54 (1) of the Law of 5 April 1993 on the financial sector as amended.

The Circular applies to all the investment firms and to the branches of non-EU investment firms.

The provisions of the Law have to be observed for yearly accounts of the financial years closing after 31 December 2003.

CSSF Circular 03/115
supplementing Circulars CSSF 00/16, 01/31, 01/37, 01/48, 02/66, 02/73, 03/86, 03/93 and IML 94/112; non-cooperative countries or territories, Myanmar

CSSF Circular 03/115 of 6 November 2003 draws the attention of the persons and companies under the supervision of the CSSF to the list of non-cooperative countries or territories published by the Financial Action Task Force (FATF): Cook Islands, Egypt, Guatemala, Indonesia, Myanmar, Nauru, Nigeria, Philippines and Ukraine.

Moreover, FATF invited the Member States to apply additional counter-measures to Myanmar. The CSSF therefore draws the attention of the professionals under its supervision to the FATF recommendations and calls upon them to apply particularly strict client identification and follow-up policies. All transactions directly or indirectly linked to Myanmar must be watched very closely so as to report them at the slightest suspicion of money laundering.

Conference

Misys International IAS/Basel II conference

At the Misys International IAS/Basel II conference, which took place on 25 September 2003 at the Hotel Belle-Vue in Luxembourg, Mr Claude SIMON, head of the department for the supervision of banks, held a speech on the implications of IAS (International Accounting Standards) for the prudential supervision of banks.

He first elaborated on the CSSF's views on how the optional regime of the *EU Regulation on the application of international accounting standards,* the so-called *IAS Regulation*, should best be implemented in Luxembourg.

He also noted that the adoption of IAS requires an amendment of the existing bank accounting law of 17 June 1992, notably in order to take into account the so-called Fair Value and the Modernisation Directive.

As regards the prudential reporting requirements, Mr SIMON explained that these will be brought closer towards IAS (target date: 2007), provided that prudential concerns related to existing discrepancies between the accounting rules and the prudential framework have been addressed in a satisfactory way.

He continued by explaining the most important of these concerns, which to the large majority are related to IAS 39 in the central part of his presentation:

- Portfolio Hedging of Interest Rate Risk (or often referred to as macro-hedging);
- Loan impairment and provisioning;
- Issues related to Fair valuation;
- Fair value designation option.

He noted that, while some of the supervisory issues related to macro-hedging are likely to be addressed if the IASB were to adopt the recent exposure draft on "portfolio hedging of interest rate risk", concerns could persist in the areas of provisioning and fair valuation.

On loan impairment and provisioning, he sustained that, given the CSSF's strong interest for prudent behaviour, "*supervisors encourage banks to adopt sound loan loss provisioning processes that allow them to constitute adequate - not excessive - provisions on a timely basis. […] this entails that banks have to apply an expert credit judgement that takes into account all evidence that may point to a deterioration of credit quality. Such an analysis may need to go <u>beyond observable data and tangible loss</u> events…*"

Mr SIMON noted that the CSSF and the fellow supervisory authorities are worried to see that the IASB seems to take a more restrictive position in this respect and he encouraged the IASB (represented at the conference through Board member John Smith) to reconsider its approach.

Regarding fair valuation Mr SIMON voiced a concern that, as a result of the increased use of fair values, IAS will introduce volatility in the annual accounts. This volatility is not always reflective of the economic reality of the underlying transactions. He therefore stressed the importance of clear and pertinent information explaining this volatility in the financial statements.

In the same context, he also noted a purely prudential concern pertaining to the fair value variations booked into equity. He indicated that there is a need to study whether this type of equity fulfils all the criteria to be eligible for inclusion in regulatory capital.

He also referred to the problem of reliability of fair values for certain assets and liabilities, a problem that might be aggravated given the Boards decision to introduce this option in the final standard.

With regard to the fair value designation option, Mr SIMON furthermore noted that "*…the adoption of the option could result in the rather strange, or even precarious situation, where companies, that apply the option to own debt, would have to report increased profits when their own creditworthiness deteriorates.*"

He specified that this is unacceptable from a supervisory perspective and would require adjustments, and especially in the capital framework. Furthermore he stressed, that while welcoming the Board's move to require disclosure of the impact of credit quality changes resulting from the use of the fair value designation option, supervisors would prefer the option to be withdrawn or at least its use to be restricted.

Mr SIMON finally expressed the wish that the dialogue between the IASB and the banking industry as well as supervisors will continue even in the final phase of IAS 39 and that *"…the IASB will carefully consider all views and concerns to ensure that the final product on financial instruments is conceptually sound and practically as well as prudentially acceptable.*"

International co-operation

The XXVIIIth Annual Conference of the International Organisation of Securities Commissions ("IOSCO")

The securities and futures regulatory authorities and other members of the international financial community met un Seoul, South Korea, from 14 to 17 October 2003, on the occasion of the XXVIIIth Annual Conference of IOSCO.

The theme of the conference was: "New Challenges for Securities Markets and Regulators". This theme was chosen in recognition that recent high profile corporate failures, as well as other world events, have raised important regulatory challenges that securities regulators must address. Maintaining the integrity of international capital markets is a crucial part of the main mission of securities regulators, i.e. investor protection. Recent events have demonstrated that the integrity of capital markets fundamentally depends on the quality of financial disclosures made by issuers and on the appropriate resolution of conflicts of interests faced by professionals. Maintaining the integrity of capital markets requires that regulators prevent the use of international financial markets for any form of international financial crime.
In the context of enhancement of international cooperation, essential to achieve this goal, IOSCO announced that substantial progress has been made since the last conference, which was held in Istanbul in May 2002. Forty members of IOSCO have applied to become signatories of the Multilateral Memorandum of Understanding on cooperation and exchange of information (the "MOU"), which had been adopted unanimously in May 2002. Twenty-four of these members have signed the MOU. The applicants will undergo rigorous screening review of their ability to cooperate according to the standards set by the MOU. By committing themselves to this process, they express their commitment to take part in an efficient system of information exchange with the aim of fighting against breaches of stock exchange regulations and any other form of international financial crime.

International co-operation

CESR publishes two consultation documents concerning accounting

Following the publication in March 2003 of a first standard relating to financial information, which deals with the enforcement of accounting standards in Europe, the CESRFin Sub-committee on Enforcement published a standard no. 2 on financial information on 7 October 2003. The proposals of this standard aim at enhancing the coordination of the enforcement of accounting standards in Europe. CESR proposes:

- that, before taking a decision, authorities should take into account existing decisions in the field concerned, and, where practicable, that discussions with other authorities should take place;
- that a database, setting out in detail the decisions taken, should be made available, on a confidential basis, to the authorities;
- to hold regular sessions with the bodies involved in the decision-making process, allowing to discuss the decisions taken and to exchange their experience.

The document is available on the CESR Internet website at www.europefesco.org. Written responses can be addressed to the Secretary General of CESR by 7 January 2004.

The transition of listed companies to the implementation of international accounting standards in 2005 will significantly change the presentation of their financial position to investors. Equally, investors must be able to correctly assess the value of the information provided. CESR put forward a proposal for consultation on how companies can manage communications considering three factors:

- information that companies can publish before 1st January 2005 in order to explain to investors the impact of the new accounting principles;
- the accounting rules that should be adopted for the preparation of interim financial data released in 2005.
- the comparability between interim and annual financial information for 2005.

The document is available on the CESR Internet website at www.europefesco.org. Written responses can be addressed to the Secretary General of CESR by 20 November 2003.

International co-operation

CESR begins preparations for new role in the regulation of asset management and undertakings for collective investment in transferable securities (UCITS)

Anticipating the adoption of a legal framework on the extension of the Lamfalussy procedure to the principles of regulation of collective management, decided by the ECOFIN Council on 3 December 2002, CESR launched, on 30 October 2003, a consultation on its internal organisation, the organisation during the transitional period and the areas where CESR proposes to begin work.

International co-operation

CESR identifies four principles that will underpin its work:

- the work relating to UCITS should be conducted in full coherence with the EU institutional framework;
- CESR would not limit its activities to investment funds and would take a global vision of the sector of asset management;
- CESR will not work on questions the UCITS Contact Committee is already dealing with and which are being finalised by the Committee;
- the work of CESR should take into account the work already carried out by IOSCO.

CESR proposes the following four priority work streams:

- areas where regulatory convergence should be achieved (elaboration of common supervisory techniques, co-operation between authorities concerning management companies active in several Member States, new activities in the UCITS sector, collection of data);
- areas where input by CESR could be provided to ensure the harmonised implementation of the UCITS Directive, ideally at the UCITS Contact Committee's request (depositories, outsourcing, delegation, scope of the European passport of management companies, use of indexes, money-market instruments);
- areas not harmonised at EU level but where a common approach by regulators is necessary (non-harmonised UCITS, hedge funds);
- areas where consistency with other EU Directives are needed (ISD – European passport/ rules of conduct, IAS – listed UCITS/ rules of consolidation and scope of application, Distance Marketing Directive, E-commerce Directive).

In order to allow all interested parties to express their views, CESR will hold an open hearing at its offices in Paris on 20 November 2003. The document is available on the CESR Internet website at www.europefesco.org and comments should be addressed to the Secretary General of CESR by 1 December 2003.

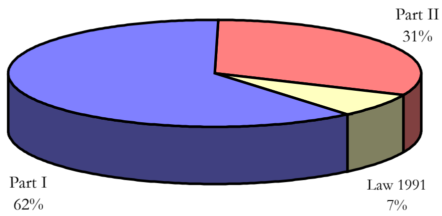
UCI statistics

Quarterly statistics on the undertakings for collective investment industry-situation as at 30 September 2003

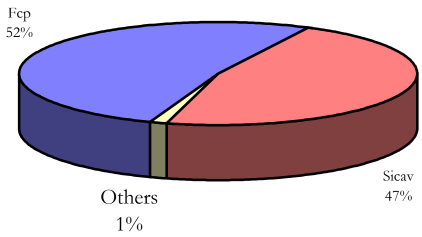
Every three months, in addition to the monthly statistics, the CSSF newsletter provides more detailed information on the investment fund sector, in particular regarding the origin of the promoters and the investment policy of the UCIs.

Number of UCIs

Distribution of the number of UCIs according to law and part applicable



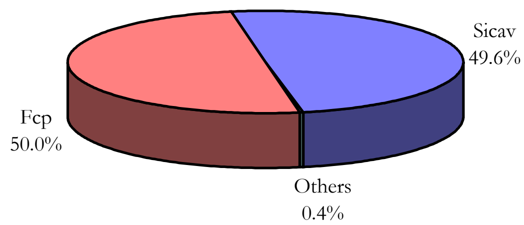
Distribution of the number of UCIs according to their legal status



Law, part \ legal form	Fcp	Sicav	Others	Total
Part I	634	532	7	1 173
Part II	277	307	17	601
Institutional UCIs	83	53	2	138
Total	**994**	**892**	**26**	**1 912**

Net assets of the UCIs

Distribution of the net assets of the UCIs according to their legal status



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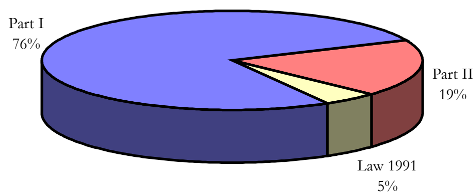
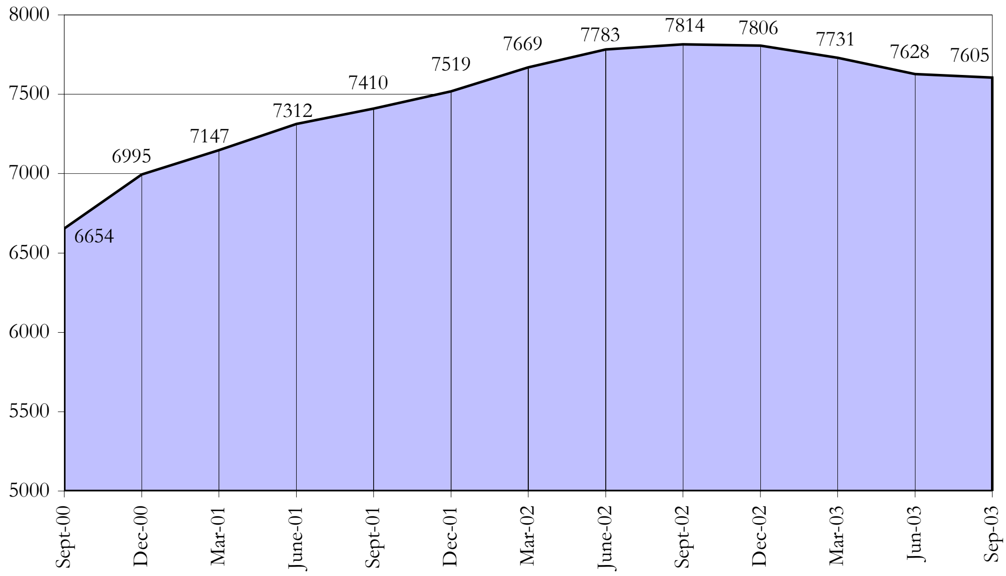


Law, part \ legal form	Fcp	Sicav	Others	Total
Part I	311.487	390.209	1.308	703.004
Part II	116.268	52.115	1.815	170.198
Institutional UCIs	30.629	12.474	0.112	43.215
Total	**458.384**	**454.798**	**3.235**	**916.417**

Origin of the promoters of Luxembourg UCIs

	Net assets (in bn EUR)	in %
Switzerland	216.411	23.6%
United States	161.099	17.6%
Germany	159.953	17.5%
Italy	103.878	11.3%
Belgium	81.944	9.0%
United Kingdom	56.076	6.1%
France	46.688	5.1%
Japan	22.877	2.5%
Sweden	18.554	2.0%
Netherlands	15.838	1.7%
Others	33.099	3.6%
Total	**916.417**	**100.0%**

Development in the number of funds and active sub-funds



Investment policy of the Luxembourg UCIs

	Net assets (in bn EUR)
Fixed income transferable securities	430.683
Variable yield transferable securities	265.085
Mixed transferable securities	65.863
High risk capital	0.506
Unlisted transferable securities	2.134
Leveraged funds	0.375
Other open-ended UCIs	64.308
Money market instruments and liquid assets	72.785
Cash	9.310
Real estate	2.859
Futures and/or options	2.509
Other securities	0.000
Total	**916.417**

Official lists

LIST OF BANKS

Withdrawals:

Banque pour l'Europe
on 27 October 2003.

Banco Popolare di Verona e Novara Scarl, Luxembourg branch
on 31 October 2003.

LIST OF PROFESSIONALS OF THE FINANCIAL SECTOR (PFS)

New establishment:

Victor Buck Services S.A.
Client communication agent
Z.I. Am Bann, L-3372 Leudelange
Ministerial authorisation of 3 October 2003.

Withdrawals:

COMPTOIR EUROPEEN DE CHANGE ET DE GESTION S.A.
in abbreviated form "C.E.C.G." (in liquidation)
Withdrawal on 2 October 2003.

Graham Turner Trust Services (Luxembourg) S.A.
Withdrawal on 8 October 2003.

BRIGHT CAPITAL LIMITED, London (United Kingdom), Luxembourg branch
Stopped activities on 6 November 2003.

Change of name:

VAN MOER SANTERRE LUXEMBOURG S.A. has become on 9 October 2003
V.M.S. LUXEMBOURG S.A.

LIST OF LIABILITY MANAGERS

New manager:

FORTIS LUXEMBOURG -VIE S.A.
16, boulevard Royal, L-2449 Luxembourg
Registration on the list on 27 October 2003.

Official lists

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 September 2003**

Registrations

- ACTIVEST LUX GLOBALRETURN EQUITY, 4, rue Alphonse Weicker, L-2721 Luxembourg
- BERENBERG EURO STRATEGIE AKTIEN FONDS IV, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- COGEFUNDS, 1, boulevard Royal, L-2449 Luxembourg
- EUROPA DYNAMIC, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- INSTITUTIONAL INVESTMENT OPPORTUNITIES FUNDS, 69, route d'Esch, L-1470 Luxembourg
- LASALLE UK COMMERCIAL PROPERTY FUND, 69, route d'Esch, L-1470 Luxembourg
- NEUTRAL SICAV, 4, boulevard Royal, L-2449 Luxembourg
- ROBECO MULTIMANAGER FUNDS, 69, route d'Esch, L-1470 Luxembourg

Withdrawals

- ACM BERNSTEIN BLENDED STYLE INVESTMENTS, 18, rue Eugène Ruppert, L-2453 Luxembourg
- ACM LIBOR TRUST, 18, rue Eugène Ruppert, L-2453 Luxembourg
- ADVANCE CAPITAL, 20, boulevard Emmanuel Servais, L-2535 Luxembourg
- AXL, 1B, Parc d'activité Syrdall, L-5365 Munsbach
- BAILLIE GIFFORD WORLD MARKETS FUND, 49, avenue J-F Kennedy, L-1855 Luxembourg
- BBL INVEST, 52, route d'Esch, L-1470 Luxembourg
- BEAR STEARNS QUANTITATIVE FUND, 39, allée Scheffer, L-2520 Luxembourg
- CONTINENTAL STAR GARANTIE 9/2003, 4, rue Alphonse Weicker, L-2721 Luxembourg
- DEXIA SELECT, 69, route d'Esch, L-1470 Luxembourg
- DINVEST TWO, 11, rue Aldringen, L-1118 Luxembourg
- EURO BALANCED INVESTMENT OPEN, 6, avenue Emile Reuter, L-2420 Luxembourg
- FRANKLIN MUTUAL BEACON FUND, 26, boulevard Royal, L-2449 Luxembourg
- GLOBAL OPPORTUNITIES FUND, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- HIRT FONDS, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- ISRAEL 2000, 20, boulevard Emmanuel Servais, L-2535 Luxembourg
- PRUDENTIAL CHALLENGE SELECT, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- PRUDENTIAL INDEX SELECT, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- SELECT FONDSEN, 23, avenue de la Porte-Neuve, L-2227 Luxembourg
- TOPSELECT, 23, avenue de la Porte-Neuve, L-2227 Luxembourg
- TRINKAUS LUXRENT EUROPA, 1-7, rue Nina et Julien Lefèvre, L-1952 Luxembourg
- UNICO EQUITY FUND, 308, route d'Esch, L-1471 Luxembourg

Financial centre

Main updated figures regarding the financial centre:

Number of banks: **172** (31 October 2003)

Balance sheet total: **EUR 659.750 billion** (30 September 2003)

Profit before provisions: **EUR 3.084 billion** (30 September 2003)

Employment: **22,598 people** (30 September 2003)

Number of UCIs: **1,923** (10 November 2003)

Total net assets: **EUR 916.417 billion** (30 September 2003)

Number of pension funds: **9** (31 October 2003)

Number of management companies: **1** (31 October 2003)
(Chapter 13 of the Law of 20 December 2002)

Number of PFS: **141** (31 October 2003)

Balance sheet total: **EUR 2.491 billion** (30 September 2003)

Net profit: **EUR 311.03 million** (30 September 2003)

Employment: **4,307 people** (30 September 2003)

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

Total employment in the supervised establishments: **27,073 people** (30 June 2003)

Total employment in the supervised establishments: **26,905 people** (30 Sept. 2003)

CSSF Newsletter

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