

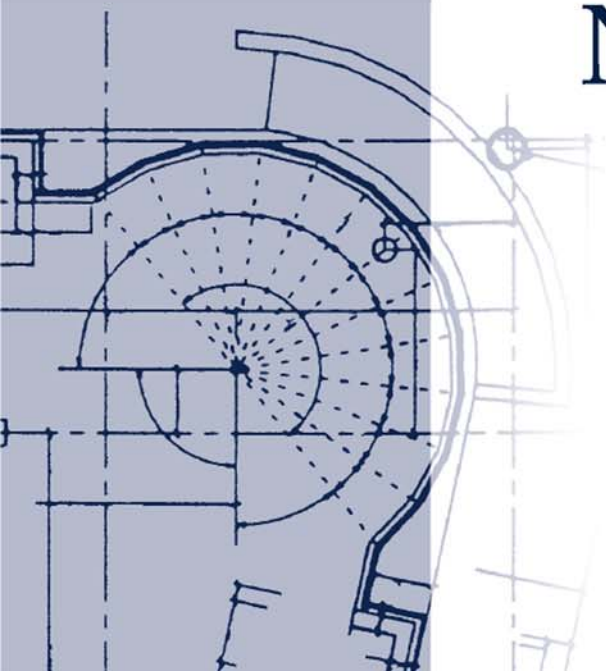
N°35

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CSSF NEWSLETTER

COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER



Banks

Banks' balance sheet total as at 31 October 2003 practically unchanged

At 31 October 2003, the balance sheet total of the banks established in Luxembourg reached EUR 660.18 billion as compared to EUR 659.75 billion as at 30 September 2003, which is a very slight increase of 0.07%.

The number of credit institutions registered on the official list of banks as at 30 November 2003 remains unchanged (172 entities).

Professionals of the financial sector (PFS)

Slight decrease in the balance sheet total

According to the data provided as at 31 October 2003, the balance sheet total of all the professionals of the financial sector (141 active businesses) amounted to EUR 2.470 billion as against EUR 2.491 billion as at 30 September 2003, which represents a decrease of 0.83%.

The net profit for all the professionals of the financial sector amounts to EUR 325.90 million (141 active business) as at 31 October 2003 against 277.62 million as at 31 October 2002 (147 active business).

Distribution of the professionals of the financial sector according to their status (as at 30 November 2003)

Category		Number
<i>Investment firms</i>		
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
<i>PFS other than investment firms</i>		
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 agents	ACC	2
TOTAL *		142

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

Undertakings for collective investment

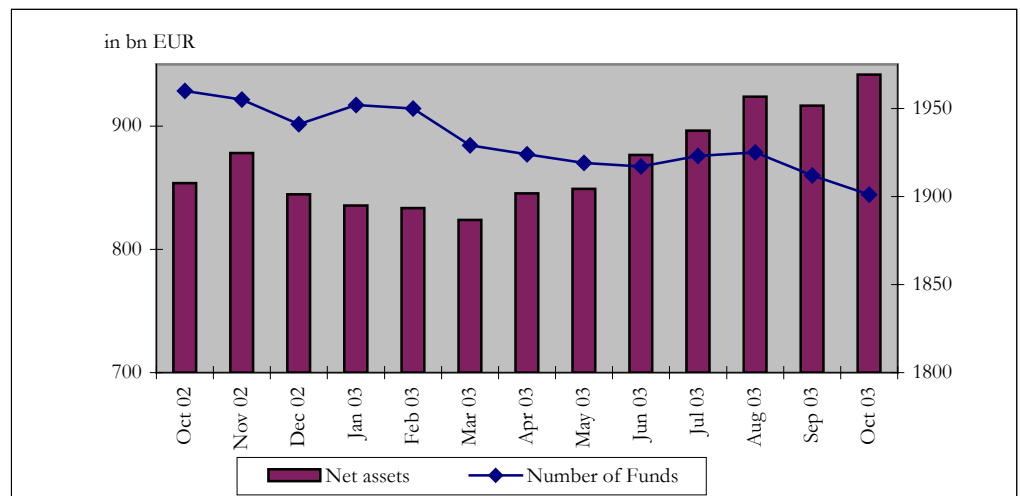
Increase in UCI's total net assets at the end of October 2003

(press release of 27 November 2003)

As at 31 October 2003, the total net assets of undertakings for collective investment reached EUR 941.755 billion compared to EUR 916.417 billion as at 30 September 2003. Consequently, the Luxembourg undertakings for collective investment sector increased 2.76% compared to September 2003. For the month of October 2003, the sector increased 11.52% 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 10.31%.

During the month of October 2003, the net capital investment amounted to EUR 8.784 billion. Compared to 31 December 2002, the net capital investment amounts to EUR 64.417 billion.

The number of undertakings for collective investment taken into consideration totals 1,901 as against 1,912 the previous month. A total of 1,187 UCIs have adopted the multiple compartment structure, which represents 6,876 compartments. When adding 714 UCIs with a traditional structure to the previous figure, 7,590 compartments are active in the financial centre.



Action taken by the CSSF concerning market timing or late trading practices relating to undertakings for collective investment

During the month of November 2003, the CSSF conducted an inquiry with management companies, central administrations, registrar and transfer agents and depositary banks of undertakings for collective investment under Luxembourg law relating to late trading and market timing practices.

Within the scope of this inquiry, the CSSF has sent letters to the aforementioned entities requesting them to provide an answer to a series of questions, notably regarding the specific procedures set up as regards market timing and late trading practices, as well as the cases of market timing or late trading that might have been detected.

The CSSF also requested these entities to provide details on existing procedures relating to transactions for the staff's own account and aiming more particularly at transactions on UCIs for which these entities carry out one or several functions.

International co-operation

Signature of a Memorandum of Understanding (MOU) with the Romanian National Securities Commission

On 14 November 2003, the Romanian National Securities Commission and the CSSF signed a Memorandum of Understanding on information exchange. The MOU covers breaches of stock exchange regulations in general, the tightening of regulations, the quality of active market participants and the disclosure requirement for issuers.

Regulation

Results of the Third Quantitative Impact Study (QIS3) for Luxembourg credit institutions

The Commission de Surveillance du Secteur Financier, through its circular letter of 25 October 2002, had invited all the credit institutions under Luxembourg law to participate in the third quantitative impact study (QIS3) on the new capital adequacy framework. On 21 July 2003, the final results of the study, as well as the impact of the changes introduced in the third consultative paper of the Basel Committee (CP3), have been presented at the CSSF's premises to the participating credit institutions.

Coverage

The CSSF received 18 responses to the questionnaire, covering between 50% and 55% of the balance sheet total and of the banks' own funds, as defined in the numerator of the solvency ratio of the 122 Luxembourg-registered credit institutions that must comply with the solvency ratio defined by the Commission de Surveillance du Secteur Financier as of 31 December 2002. The sample included a wide range of banks, from universal banks to specialised banks. The coverage of assets included in the study exceeded in any case 80% of the exposures of the consolidated or sub-consolidated balance sheets.

As regards credit risk, it has to be noted that 16 banks completed the Standardised approach, 10 banks the IRB Foundation and 3 banks the IRB Advanced approach. 14 banks were in a position to complete the Standardised approach for operational risk. None of the banks provided results for the Advanced Measurement Approach.

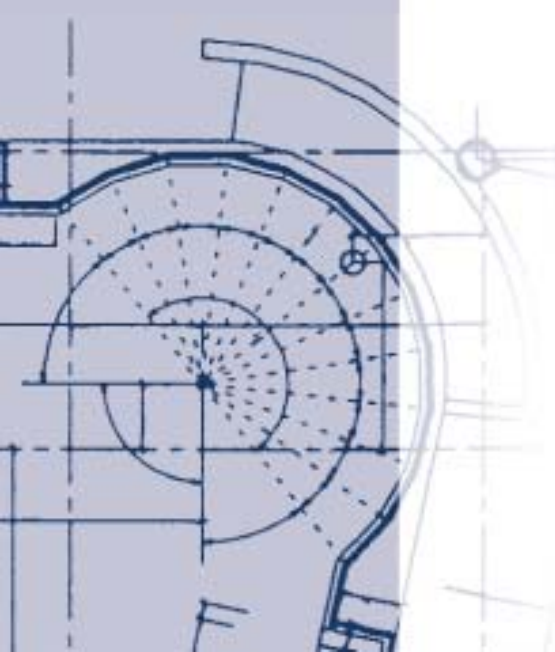
Credit risk

Overall results are in line with those obtained for other European Group 2 banks. Capital requirements increase by 8% for the Standardised approach (7% if account is taken of the changes introduced in CP3), mainly due to the increase in requirements on bank exposures and the newly introduced capital charge for operational risk, whose impact has been directly incorporated.

Capital requirements however decrease by 22% (21% according to CP3) in the IRB Foundation approach driven by the substantial reductions in the corporate and retail asset classes. It should also be noted that additional simulations have shown that capital requirements would decrease by 11% if banks applied the explicit maturity, reflecting an average maturity clearly below 2.5 years, notably for interbank exposures.

Operational risk

Capital requirements for operational risk reached 6.29% for the Basic Indicator Approach, and 6.11% for the Standardised approach. Results by bank substantially diverged and depended on the distribution of activities. Indeed, the distribution of requirements across business lines largely reflected their respective weighting levels (beta factor).



LIST OF BANKS

There have been no changes during November 2003.

LIST OF PROFESSIONALS OF THE FINANCIAL SECTOR (PFS)

New establishment:

LETTERS SHOP S.A.

Client communication agent
Zone Industrielle Bombicht, L-6947 Niederanven
Ministerial authorisation of 25 November 2003

Withdrawal:

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

Change of address:

BEARBULL (LUXEMBOURG) S.A.

12, rue Eugène Ruppert, L-2453 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 October 2003**

Registrations

- 1. SICAV, 69, route d'Esch, L-1470 Luxembourg
- ABN AMRO ALTERNATIVE INVESTMENTS, 46, avenue J-F Kennedy, L-1855 Luxembourg
- ADIG SELEKTION DIVIDENDE, 1a-1b, rue Thomas Edison, L-1445 Luxembourg-Strassen
- ADIG SELEKTION INVEST 1/2009, 1a-1b, rue Thomas Edison, L-1445 Luxembourg-Strassen
- ADIG SELEKTION INVEST 2/2009, 1a-1b, rue Thomas Edison, L-1445 Luxembourg-Strassen
- DBSAM FUNDS, 69, route d'Esch, L-1470 Luxembourg
- DIT-LAUFZEITFONDS EXTRA 2007, 6A, route de Trèves, L-2633 Senningerberg
- DWS ABS FUND, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- DWS BEST USA GARANT, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- DWS EUROLAND KONZEPT 2009, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- GÖHRINGER BASISPORTFOLIO, 1C, Parc d'activité Syrdall, L-5365 Munsbach
- LELEUX INVEST, 14, boulevard Royal, L-2449 Luxembourg
- LUXEMBOURG SELECTION FUND, 291, route d'Arlon, L-1150 Luxembourg
- MANAGERSELECT FONDS, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen

Official lists

- MEESPIERSON SPECIALS FUND, 50, avenue J-F Kennedy, L-1855 Luxembourg
- OAKTREE CAPITAL MANAGEMENT FUND II (EUROPE), 1A, HEIENHAFF, L-1736 Senningerberg
- OPPENHEIM ABS PLUS, 4, rue Jean Monnet, L-2180 Luxembourg
- PROFILO SPINNAKER INVESTMENT FUND, 11, rue Aldringen, L-1118 Luxembourg
- SHORT-TERM-CORP.-INVEST, 308, route d'Esch, L-1471 Luxembourg
- SWIP GLOBAL SICAV, 49, avenue J-F Kennedy, L-1855 Luxembourg
- TKE FUND, 33, boulevard Prince Henri, L-1724 Luxembourg
- UNIGARANTPLUS: EUROPA (2011) I, 308, route d'Esch, L-1471 Luxembourg
- UNIGARANTPLUS: EUROPA (2011), 308, route d'Esch, L-1471 Luxembourg

Withdrawals

- A.L.S.A.-SYSTEM WELT 10/2003, 1a-1b, rue Thomas Edison, L-1445 Luxembourg-Strassen
- ACTIVEST LUX BOND 10/2003, 4, rue Alphonse Weicker, L-2721 Luxembourg
- AEGEAN FUNDS, 69, route d'Esch, L-1470 Luxembourg
- BESTINVER INTERNATIONAL FUND, 20, boulevard Emmanuel Servais, L-2535 Luxembourg
- BRADESCO TEMPLETON FUNDS, 26, boulevard Royal, L-2449 Luxembourg
- CDC EURO OBLIGATIONS, 2, place de Metz, L-1930 Luxembourg
- CL INVESTMENT TRUST, 2, rue Nicolas Bové, L-1253 Luxembourg
- CREDIT SUISSE COMMODITY FUND (LUX), 5, rue Jean Monnet, L-2180 Luxembourg
- DEKALUX 1/96 (3 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX 1/97 (3 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX 1/98 (3 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX 10/96 (3 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX 10/97 (3 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX 4/96 (3 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX 4/97 (3 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX 4/98 (3 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX 7/96 (3 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX 7/97 (3 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX 7/98 (3 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX-S RENDITE 10/96 (5 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX-S RENDITE 10/97 (5 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX-S RENDITE 10/98 (5 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX-S RENDITE 4/98 (5 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- DEKALUX-S RENDITE 7/98 (5 JAHRE ROLL-OVER), 5, rue des Labours, L-1912 Luxembourg
- EPICON BEST FONDS SICAV, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- INDEPENDENT MANAGEMENT FOR INSTITUTIONALS SICAV, 8, avenue de la Liberté, L-1930 Luxembourg
- LACUNA FCP, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- LO GLOBAL SMALL CAP FUND, 39, allée Scheffer, L-2520 Luxembourg
- MANSURII DORIIMU, 18, rue Eugène Ruppert, L-2453 Luxembourg
- SELECTION, 39, allée Scheffer, L-2520 Luxembourg
- ST. JAMES'S PLACE CAPITAL SICAV, 11a, boulevard du Prince Henri, L-1724 Luxembourg
- STANDARD FUND MANAGEMENT (LUXEMBOURG) UMBRELLA FUND, 69, route d'Esch, L-1470 Luxembourg
- UEB INTERNATIONAL EQUITY FUND OF FUNDS, 23, avenue de la Porte-Neuve, L-2227 Luxembourg
- WORLD OPPORTUNITY FUND, 2, boulevard Konrad Adenauer, L-1115 Luxembourg

Financial centre

Main updated figures regarding the financial centre:

Number of banks: **172** (30 November 2003)

Balance sheet total: **EUR 660.183 billion** (31 October 2003)

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

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

Number of UCIs: **1,899** (10 December 2003)

Total net assets: **EUR 941.755 billion** (31 October 2003)

Number of pension funds: **9** (30 November 2003)

Number of management companies: **1** (30 November 2003)
(Chapter 13 of the Law of 20 December 2002)

Number of PFS: **142** (30 November 2003)

Balance sheet total: **EUR 2.470 billion** (31 October 2003)

Net profit: **EUR 325.90 million** (31 October 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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