

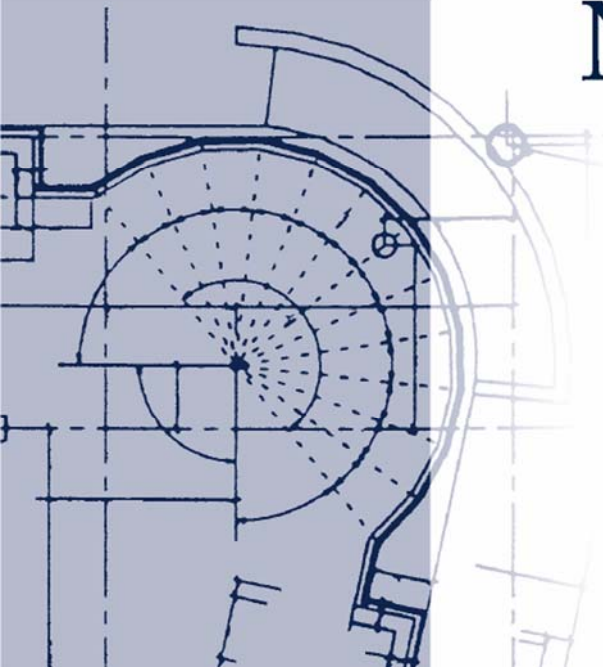
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*January 2005*



# CSSF NEWSLETTER

COMMISSION de SURVEILLANCE  
du SECTEUR FINANCIER



### Retirement of Mr Charles KIEFFER, Director

At 1 January 2005, Mr Charles Kieffer went into retirement, which was granted by Grand-Ducal decree of 12 November 2004 with the title of Honorary Director of the CSSF.

Mr Kieffer, a graduate in political and administrative sciences from the Université Libre de Bruxelles, worked for the Banque Internationale à Luxembourg in the Department Issues and Investment funds from 1969 to 1973. He then joined the Institut Monétaire Luxembourgeois where he could make use of his knowledge within the Department Securities and UCIs. In 1989, Mr Kieffer was appointed Government Commissioner with the Luxembourg Stock Exchange. In 1991, he was given the post of Stock Exchanges Commissioner (*Commissaire aux Bourses*), a position he held until the integration of the Stock Exchanges Commission (*Commissariat aux Bourses*) into the CSSF in 1999. He was a member of the Executive Board of the CSSF from January 1999 until 31.12.2004.

The CSSF wishes to thank Mr KIEFFER for his valuable collaboration and outstanding work he accomplished during his six-year term of office as Director and wishes him a peaceful retirement.

## New agents

### Swearing-in of new CSSF agents

On 18 September 2004, the CSSF held exams in order to recruit new trainee agents in the *carrière moyenne* to strengthen its workforce responsible for the supervision of undertakings for collective investment.

Eight *rédacteurs stagiaires* were sworn in by Mr Jean-Nicolas Schaus, Director general of the CSSF, on 1 December 2004 and on 1 January 2005 respectively:

Christiane CAZZARO

Isabelle DOSBOURG

Jean-Claude FRAITURE

Patricia JOST

Jean-Marc LEHNERT

Carole LIS

Thierry QUARING

Roberta TUMIOTTO

The CSSF now employs 214 agents, 106 of whom are men and 108 women.

## Banks

### Slight increase in the banks' balance sheet total as at 30 November 2004

As at 30 November 2004, the balance sheet total of the banks established in Luxembourg reached EUR 692.95 billion as compared to EUR 688.77 billion as at 31 October 2004, which is an increase of 0.6%.

Following the withdrawal of SWEDBANK, Luxembourg branch, Oldenburgische Landesbank A.G., Luxembourg branch and Bankhaus Lampe KG, Luxembourg branch, the number of credit institutions registered on the official list as at 31 December 2004 decreased to 162 entities. Following the registration of Nord Europe Private Bank S.A. and CREDIT SUISSE, Zurich (Suisse), Luxembourg branch and the withdrawal of Cortal Consors Luxembourg and Banque Continentale du Luxembourg S.A., the number of credit institutions registered on the official list as at 1 January 2005 remained at 162 entities.

## Professionals of the financial sector (PFS)

### Increase in the balance sheet total

According to the data provided as at 30 November 2004, the balance sheet total of all the professionals of the financial sector (167 active businesses) amounts to EUR 38.465 billion as against EUR 35.682 billion in the previous month, which represents an increase of 7.80%.

The provisional net profit of all the professionals of the financial sector reached EUR 322.49 million as at 30 November 2004.

### Distribution of the professionals of the financial sector according to their status

(as at 31 December 2004)

Category		Number
<i>Investment firms</i>		
Commission agents	COM	15
Private portfolio managers	GF	46
Professionals acting for their own account	PIPC	16
Distributors of units of investment funds	DIST	37
Underwriters	PF	3
Professional custodians of securities or other financial instruments	DEP	3
Registrar and transfer agents	ATR	8
<i>PFS other than investment firms</i>		
Financial advisors	COF	8
Brokers	COU	4
Market makers	TM	2
Currency exchange dealer	CHES	1
Debt recovery	RECO	3
Professionals performing credit offering	POP	5
Professionals performing securities lending	PPT	1
Administrators of collective savings funds	AFCE	1
Domiciliation agents of companies	DOM	31
Client communication agents	ACC	8
Administrative agents of the financial sector	AA	6
IT systems and communication networks operator of the financial sector	IT	11

Professionals performing services of setting up and of management of companies	PCG	2
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>166</b>

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

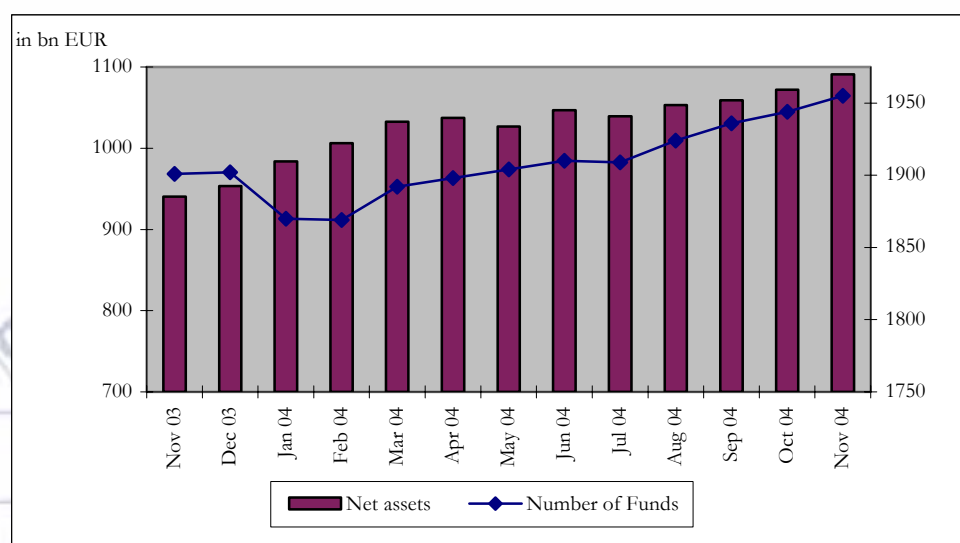
## Undertakings for collective investment

### Increase in UCI's total net assets at the end of November 2004

As at 30 November 2004, the total net assets of undertakings for collective investment reached EUR 1,090.842 billion compared to EUR 1,072.059 billion as at 31 October 2004. The Luxembourg undertakings for collective investment sector increased by 1.75% compared to October 2004. In November 2004, the sector increased by 14.43% compared to 31 December 2003 when the total net assets amounted to EUR 953.302 billion. Over the last twelve months, the volume of net assets increased by 16.01%.

During the month of November 2004, the net capital investment amounted to EUR 10.710 billion. Compared to 31 December 2003, the net capital investment amounts to EUR 103.650 billion.

The number of undertakings for collective investment taken into consideration totals 1,963 as against 1,955 the previous month. 1,219 UCIs have adopted the multiple compartment structure, which represents 7,091 compartments. When adding 744 UCIs with a traditional structure, a total of 7,835 compartments are active in the financial centre.



## Management companies

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

The Commission de Surveillance du Secteur Financier informs that five new management companies have 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:

- BANQUE DE LUXEMBOURG FUND RESEARCH & ASSET MANAGEMENT. The company will be active in the field of collective management, discretionary management and investment advice.
- DB PLATINUM ADVISORS. The company will be active in the field of collective management.
- DEGROOF GESTION INSTITUTIONNELLE – LUXEMBOURG. The company will be active in the field of collective management and discretionary management.
- DJE INVESTMENT S.A.. The company will be active in the field of collective management.
- SGAM LUXEMBOURG S.A.. The company will be active in the field of collective management.

Following these authorisations, 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 26 as at 1 January 2005.

# Regulation

## International accounting standards

### 1. International accounting standards applying from 1 January 2005

On 1 January 2005, the European Commission published the current status of the adoption process of the international accounting standards in the European Union, namely the international accounting standards endorsed by the European Commission for the European Union, applying from 1 January 2005.

Indeed, while Regulation 1606/2002 of the Parliament and of the Council concerning the application of international accounting standards (IAS Regulation) requires listed companies, including banks and insurance undertakings, to draw up their consolidated accounts according to the international accounting standards (IAS/IFRS) from 2005, before becoming legally binding in accordance with this Regulation, the IAS/IFRS, including their interpretations, must be endorsed beforehand by the European Commission, after consulting Member States in the Accounting Regulatory Committee, and EFRAG, a European financial reporting advisory group composed of private sector experts.

Through 6 successive Regulations, the European Commission has adopted the stable platform of the International Accounting Standards Board (IASB) in 2005, i.e. 36 international accounting standards and 11 relating interpretations, as well as the IFRIC 1 interpretation.

As far as IAS 39 “Financial instruments: recognition and measurement” is concerned, the European Commission endorsed the standard by carving out certain provisions concerning, on the one hand, the possibility to allow full fair valuation of all liabilities (“full fair value option”) and, on the other hand, hedge accounting.

- The carve-out of the **full fair value option** is based on observations from the European Central Bank and prudential supervisors represented in the Basel Committee on banking supervision. Insofar as Article 42a of the fourth Company Law Directive (Directive 78/660/EEC) does not allow full fair valuation of all liabilities, European companies are not allowed to use voluntarily the full fair value option for all their liabilities. Neither can Member States require mandatory use of the carved out fair value provisions.
- The carve out of certain **hedge accounting** provisions reflects criticism by the majority of European banks, which argued that IAS 39 in its current form would force them into disproportionate and costly changes both to their asset/liability management and to their accounting systems, and would produce unwarranted volatility. However, because there is no existing EU law on this issue, individual companies may apply the carved out hedge accounting provisions. A Member State may also make these provisions mandatory under its national rules, which is not planned for Luxembourg however.

The European Commission has also published a political declaration on the adoption of IAS 39 at the meeting of the Accounting Regulatory Committee of 1 October 2004, appealing to all parties concerned, namely the IASB, the ECB, the Basel committee regulators and European banks, to work intensely to find appropriate, balanced solutions as quickly as possible on the remaining outstanding issues in IAS 39, so that the carve-outs can be eliminated by the end of 2005.

Furthermore, the European Commission has published a document on Frequently Asked Questions concerning IAS 39 on 19 November 2004.

Finally, it also has to be noted that in November 2003 the European Commission published comments on the IAS Regulation and the Accounting Directives, including the IASB framework, which is not considered as standard and therefore not formally endorsed by the Commission.

All these documents, as well as other useful information, can be consulted on the website of the European Commission under the following address:

[http://europa.eu.int/comm/internal\\_market/accounting/ias\\_en.htm](http://europa.eu.int/comm/internal_market/accounting/ias_en.htm)

## 2. **Prudential filters for regulatory capital**

Following the introduction of the international accounting standards, the Committee of European Banking Supervisors (CEBS) published guidelines, on 21 December 2004, concerning the adjustment of own funds based on IAS/IFRS so as to avoid the impact on regulatory capital due to the change of accounting rules.

The prudential filters defined by CEBS are in line with the filters worked out by the Basel Committee in this field and can be consulted on the CEBS website under <http://www.c-ebs.org>.

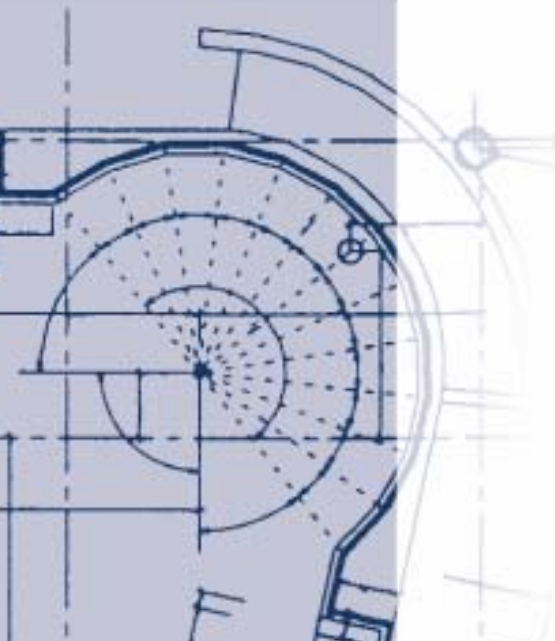
## **The Transparency Directive has been adopted on 31 December 2004**

Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, introduces minimum transparency requirements for issuers whose securities are admitted to trading on a regulated market. This Directive will raise the quality of information available to investors on the performance and financial position of companies whose securities are admitted to trading on a regulated market. Under the Directive, all securities issuers will have to provide annual financial reports within four months after the end of the financial year. Investors in shares will receive more complete half-yearly financial reports. Those issuers who do not publish quarterly reports will need to provide quarterly management statements. Bond issuers will also be required to publish half-yearly reports.

The Directive is also expected to raise the quality of information on changes in major shareholdings of companies whose securities are admitted to trading on a regulated market and improve the European dissemination of information on issuers, removing a barrier to cross-border investment.

Furthermore, the Directive updates existing EU law on the information provided to shareholders and bondholders in general meetings through proxies and electronic means. Further work on these issues has recently been undertaken by the European Commission to improve shareholders' rights.

The purpose of the Directive is to contribute to better investor protection, enhanced investor confidence and a better functioning of European capital markets. The Directive must be implemented by Member States within two years of its publication in the EU's Official Journal (31 December 2004).



## LIST OF BANKS

### New institutions:

#### **Nord Europe Private Bank S.A.**

54, rue Charles Martel, L-2134 Luxembourg  
Postal address: B.P. 1556, L-1015 Luxembourg  
Date of registration : 1 January 2005

#### **CREDIT SUISSE, Zurich (Suisse), Luxembourg branch**

56, Grand-Rue, L-1660 Luxembourg  
Postal address: B.P. 424, L-2014 Luxembourg  
Date of registration: 1 January 2005

### Withdrawals:

#### **SWEDBANK, Luxembourg branch**

Withdrawal on 31 December 2004

#### **Oldenburgische Landesbank A.G., Luxembourg branch**

Withdrawal on 31 December 2004

#### **Bankhaus Lampe KG, Luxembourg branch**

Withdrawal on 31 December 2004

#### **Cortal Consors Luxembourg**

Withdrawal on 1 January 2005

#### **Banque Continentale du Luxembourg S.A.**

Withdrawal on 1 January 2005

### Change of name :

Banco Totta & Açores S.A., succursale de Luxembourg  
into

**BANCO SANTANDER TOTTA, S.A.**, succursale de Luxembourg

ING BHF-Bank International S.A.

into

**BHF-BANK International S.A.**

ING BHF-BANK, Niederlassung Luxemburg

into

**BHF-BANK AG, Niederlassung Luxemburg**

IBL Investment Bank Luxembourg SA

into

**Sella Bank Luxembourg S.A.**



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

### New institutions:

#### **IAM STRATEGIC S.A.**

25b, boulevard Royal, L-2449 Luxembourg  
Private portfolio manager  
Ministerial authorisation of 20 December 2004

#### **STREFF S.A R.L.**

138, route d'Arlon, L-8008 Strassen  
Client communication agent  
Ministerial authorisation of 3 January 2005

### Extension of status:

#### **BNP PARIBAS FUND SERVICES S.A.**

10A, boulevard Royal, L-2449 Luxembourg  
Extension of status from **private portfolio manager** and **distributor of units/shares of investment funds not authorised to accept nor to make payments** to that of **administrative agent**, on 3 January 2005

### Withdrawals:

#### **CMI ASSET MANAGEMENT (LUXEMBOURG) S.A.**

Withdrawal on 6 December 2004

#### **CONTINENTAL FUND SERVICES S.A.**

Withdrawal on 10 December 2004

#### **FUND-MARKET RESEARCH & DEVELOPMENT S.A.**

Withdrawal on 1 January 2005

#### **V.M.S. LUXEMBOURG S.A.**

Withdrawal on 1 January 2005

### Changes of address:

#### **FIDESSA ASSET MANAGEMENT S.A.**

16, rue Jean-Pierre Brasseur, L-1258 Luxembourg

#### **TRADITION LUXEMBOURG S.A.**

9, Parc d'activité Syrdall, L-5365 Munsbach

## LIST OF MANAGEMENT COMPANIES

### New companies:

**BANQUE DE LUXEMBOURG FUND RESEARCH & ASSET MANAGEMENT S.A**  
7, boulevard Prince Henri, L-1724 Luxembourg

**DB PLATINUM ADVISORS**  
69, route d'Esch, L-1470 Luxembourg

**DEGROOF GESTION INSTITUTIONNELLE - LUXEMBOURG**  
12, rue Eugène Ruppert, L-2453 Luxembourg

**DJE INVESTMENT S.A.**  
4, rue Thomas Edison, L-1445 Luxembourg-Strassen

**SGAM LUXEMBOURG S.A.**  
15, boulevard du Prince Henri, L-1724 Luxembourg

## LIST OF SICAR

### New companies:

**AMBER TRUST II S.C.A.**  
52, route d'Esch, L-1470 Luxembourg

**MEDIAWIN I, S.C.A.**  
11a, boulevard du 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 **November 2004**

### Registrations

- ACTIVEST EUROPEANBOND SPEZIAL; 4, rue Alphonse Weicker; L-2721 Luxembourg
- CONVERTIBLEPROTECT-INVEST; 308, route d'Esch; L-1471 Luxembourg
- CS INVEST (LUX) SICAV; 5, rue Jean Monnet; L-2180 Luxembourg
- DEKA-WORLDGARANT PLUS 2/2011; 5, rue des Labours; L-1912 Luxembourg
- DIT-EURO LAUFZEITFONDS 2008; 6A, route de Trèves; L-2633 Senningerberg
- DIT-HIGH DIVIDEND DISCOUNT; 6A, route de Trèves; L-2633 Senningerberg
- HVB PENSION FUND; 4, rue Alphonse Weicker; L-2721 Luxembourg
- IFM-INVEST; 3, rue des Labours; L-1912 Luxembourg
- INFLATIONSSCHUTZ; 25, rue Edward Steichen; L-2540 Luxembourg
- INTERNATIONAL FUND SELECTION; 3, rue des Labours; L-1912 Luxembourg
- MT WEALTH MANAGEMENT PRIVATE FUND; 287-289, route d'Arlon; L-1150 Luxembourg
- SHORT TERM PLUS; 25, rue Edward Steichen; L-2540 Luxembourg

### Withdrawals

- A.L.S.A.-NEUER MARKTPLUS 11/2004; 25, rue Edward Steichen; L-2540 Luxembourg
- ACM INVESTOR SERIES; 18, rue Eugène Ruppert; L-2453 Luxembourg
- CAZENOVE INTERNATIONAL FUND (LUXEMBOURG); 50, avenue J-F Kennedy; L-1855 Luxembourg
- INVESCO VOYAGER; 23, avenue de la Porte-Neuve; L-2227 Luxembourg
- MALABAR INTERNATIONAL FUND; 1, boulevard Royal; L-2449 Luxembourg
- MITSUI LIFE GLOBAL UMBRELLA FUND; 1B, Parc d'activité Syrdall; L-5365 Munsbach
- THE ARCHIPELAGO FUND; 13, rue Goethe; L-1637 Luxembourg

# Financial centre

Main updated figures regarding the financial centre:

Number of banks: **162** (31 December 2004)

Balance sheet total: **EUR 692.947 billion** (30 November 2004)

Profit before provision: **EUR 2.838 billion** (30 September 2004)

Employment: **22,536 people** (30 September 2004)

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Number of UCIs: **1,969** (10 January 2004)

Total net assets: **EUR 1,090.842 billion** (30 November 2004)

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Number of SICAR: **3** (31 December 2004)

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Number of pension funds: **11** (31 December 2004)

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Number of management companies: **26** (1 January 2004)  
(Chapter 13 of the Law of 20 December 2002)

Balance sheet total: **EUR 1,022.006 million** (30 September 2004)

Employment: **421 people** (30 September 2004)

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Number of PFS: **166** (31 December 2004)

Balance sheet total: **EUR 38.465 billion** (30 November 2004)

Net profit: **EUR 322.49 million** (30 November 2004)

Employment: **4,984 people** (30 September 2004)

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Number of securitisation vehicles: **2** (31 December 2004)

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Total employment in the supervised establishments: **27,082 people** (31 Dec. 2003)

Total employment in the supervised establishments: **27,817 people** (30 June 2004)

Total employment in the supervised establishments: **27,941 people** (30 Sept. 2004)

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