

COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER

CSSF
NEWSLETTER

No. 70

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PRESS RELEASE

Press release of 16 November 2006

The executive board of the CSSF has assigned Mr Jean-Marc Goy the mission of ensuring communication and relations with the foreign authorities in the field of investment funds established in Luxembourg. This mission consists in providing comprehensive and up-to-date information on the legal and regulatory framework concerning investment funds. It also consists in describing and explaining Luxembourg's approach and in responding to the authorities' questions in this field.

Mr Goy will also actively represent the CSSF within the international forums and groups dealing with investment fund issues and will have regular contact with the supervisory authorities concerned.

Mr Goy will be attached to the Director General as Director General's advisor.

STATISTICS

■ BANKS

Increase in the banks' balance sheet total as at 30 September 2006

The balance sheet total of the banks established in Luxembourg reached EUR 843.942 billion as at 30 September 2006 compared to EUR 824.367 billion as at 31 August 2006, which is a 2.37% increase.

As at 30 September 2006, the Luxembourg credit institutions employed 24,354 people, which represents a 1.6% increase compared to 30 June 2006, when total employment reached 23,970 people, and a 5.9% increase compared to 30 September 2005 (22,999 people).

The number of banks registered on the official list as at 31 October 2006 remained unchanged at 154 entities.

■ PROFESSIONALS OF THE FINANCIAL SECTOR (PFS)

Positive development of PFS as at 30 September 2006

According to the provisional data provided as at 30 September 2006, the **balance sheet total** of all the PFS (195 active businesses) amounts to EUR 68.781 billion as against EUR 68.426 billion in the previous month (198 active businesses), which represents a slight improvement of 0.52 % over a period of one month, and against EUR 50.449 billion as at September 2005 (181 active businesses), which represents a 36.34% increase over a year.

The considerable increase in the PFS's balance sheet total between the months of September 2005 and 2006 mainly results from the growth in the business volume of the entity authorised to perform securities lending, but also from the positive development of the number of PFS (+14 entities) during this period.

The breakdown of the balance sheet total as at 30 September 2006 between the different PFS categories confirms the leading position of the professionals performing securities lending, which are followed by the entities authorised to exercise all the PFS activities permitted by article 28 of the law of 15 December 2000 on postal services and financial postal services and by the professionals performing credit offering.

STATISTICS

The number of **staff employed** by PFS rose from 8,064 people as at 30 June 2006 to 8,458 people as at 30 September 2006, representing an increase of 394 people in the third quarter of 2006. PFS newly approved during the period under review account for 31% of the growth in the total number of PFS staff. The remaining 69% are attributable to the creation of jobs within the other PFS. As far as the latter are concerned, more substantial recruitments have been made notably by ten companies that perform various tasks in the field of investment funds.

Compared to 30 September 2005 (6,334 people), PFS employment rose by 2,124 people, i.e. by 34 % year-on-year.

Provisional net profit of these 195 entities reached EUR 404.23 million as at 30 September 2006, against EUR 268.18 million at the end of June 2006 (196 active businesses), which represents a 50.73% rise in profits during the third quarter 2006.

The breakdown of provisional profit by PFS categories as at 30 September 2006 reveals that the professional custodians of securities or other financial instruments (3 entities) alone recorded a profit of EUR 181.0 million and that distributors of units/shares of investment funds (31 entities) earned a profit of EUR 104.0 million. Both groups thus rank first and second respectively.

Over a period of twelve months, provisional net profit of all PFS rose from EUR 385.39 million as at 30 September 2005 (181 active businesses) to EUR 404.23 million as at 30 September 2006 (195 active businesses), i.e. i, a growth of EUR 18.84 million or 4.89% in absolute figures.

Distribution of the professionals of the financial sector according to their status (as at 31 October 2006)

Category		Number
<i>Investment firms</i>		
Commission agents	COM	10
Private portfolio managers	GF	47
Professionals acting for their own account	PIPC	13
Distributors of units of investment funds	DIST	31
Underwriters	PF	2
Professional custodians of securities or other financial instruments	DEP	3
Registrar and transfer agents	ATR	12
<i>PFS other than investment firms</i>		
Financial advisors	COF	12
Brokers	COU	8
Market makers	TM	1
Currency exchange dealer	CHES	0
Debt recovery	RECO	2
Professionals performing credit offering	POP	6
Professionals performing securities lending	PPT	1
Administrators of collective savings funds	AFCE	1
Domiciliation agents of companies	DOM	50
Client communication agents	ACC	15
Administrative agents of the financial sector	AA	17
IT systems and communication networks operator of the financial sector	IT	35
Professionals performing services of setting up and of management of companies	PCG	5

STATISTICS

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
TOTAL *		199

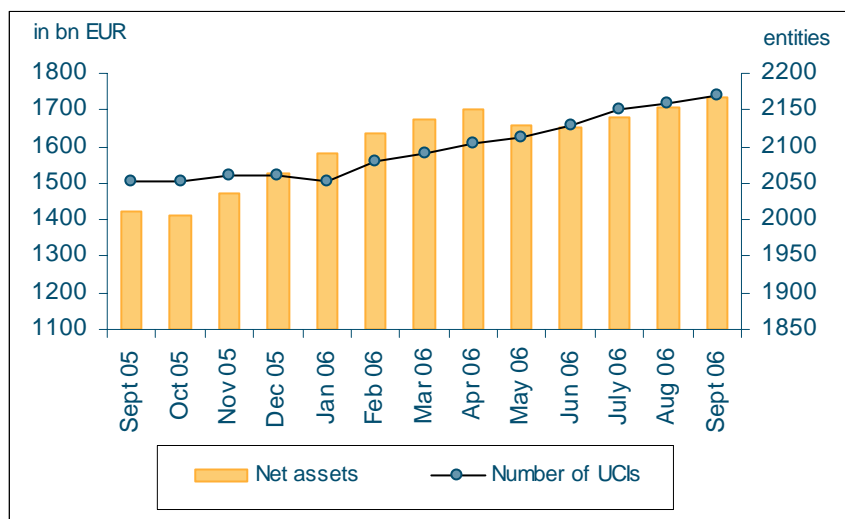
* the same establishment can appear in several categories

■ GLOBAL SITUATION OF UNDERTAKINGS FOR COLLECTIVE INVESTMENT AT THE END OF SEPTEMBER 2006

As at 30 September 2006, total net assets of undertakings for collective investment reached EUR 1,733.030 billion compared to EUR 1,707.406 billion as at 31 August 2006. The Luxembourg undertakings for collective investment sector increased by 1.50% compared to August 2006. This growth is mainly due to the rise in the main stock markets, as well as to the inflow of new capital. In September 2006, the sector increased by 13.63% compared to 31 December 2005 when the total net assets amounted to EUR 1,525.208 billion. Over the last twelve months, the volume of net assets rose by 21.74%.

During the month of September 2006, net capital investment amounted to EUR 7.936 billion. Compared to 31 December 2005, net capital investment totals EUR 186.437 billion.

The number of undertakings for collective investment taken into consideration totals 2,170 as against 2,158 in the previous month. A total of 1,357 UCIs have adopted the multiple compartment structure, which represents 8,309 compartments. When adding 813 UCIs with a traditional structure to the previous figure, a total of 9,122 compartments are active in the financial centre.



STATISTICS

■ MANAGEMENT COMPANIES

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

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

- Dynamic Asset Management Company (Luxembourg) S.A.
- Trendconcept Fund S.A.
- Etruria Fund Management Company S.A.
- Finter Fund Management Company S.A.
- Teti International Asset Management

These companies are active in the field of collective management.

Following the withdrawal of the management company Activest Investmentgesellschaft Luxembourg S.A., the number of management companies governed by chapter 13 of the law of 20 December 2002 relating to 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 141 as at 15 November 2006.

PRESS RELEASE

■ PROFIT AND LOSS ACCOUNT OF THE CREDIT INSTITUTIONS AS AT 30 SEPTEMBER 2006

Press release of 16 October 2006

The provisional profit and loss account as at 30 September 2006¹ confirm the positive development of the Luxembourg banking sector's profits since the beginning of the year.

Income greatly benefits from the robust growth in banking activities. The main components of income, i.e. interest-rate margin and commissions, increased at substantial rates at 10.8% and 19.3% respectively. This trend reflects that of the on- and off balance sheet business volumes (intermediation activities, and asset keeping and management for the account of third parties respectively).

The growth in activities also has an impact on general expenses. Their marked 8.3% climb mainly results from the increase in staff costs, which can be explained both by recruitments and increases in salaries.

Other net income includes two major non-recurrent capital gains of a total of EUR 904 million. These extraordinary effects apart, profit before provisions grows by 18.5% year-on-year.

PRESS RELEASE

Profit and loss account as at 30 September 2006

Items in million EUR	September 2005	September 2006	%	% (except for extraordinary products)
Interest-rate margin ²	2 812	3 116	10.8%	10.8%
Commissions received	2 207	2 632	19.3%	19.3%
Other net income	801	1 800	124.7%	11.9%
Banking income	5 820	7 548	29.7%	14.2%
Staff costs	1 319	1 468	11.3%	11.3%
Other general expenses	1 165	1 222	4.9%	4.9%
General expenses	2 484	2 690	8.3%	8.3%
Profit before provisions	3 336	4 858	45.6%	18.5%

¹ Survey carried out on a sample of 97.5% of the profit before provisions as at 30 September 2005.

² Including dividends received from subsidiaries.

NATIONAL REGULATIONS

Circular CSSF 06/265 concerning draft law 5627 relating, *inter alia*, to the transposition into Luxembourg law of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments (MIFID Directive)

Circular CSSF 06/265 invites the credit institutions, investment firms and any other persons concerned by the MIFID Directive to refer to draft law no. 5627 (available on the website of the *Chambre des Députés* www.chd.lu), to familiarise with the future requirements, to assess the extent to which they will be affected by them and to take, where appropriate, the strategic and organisational measures allowing them to best prepare for the concrete implementation of the new requirements.

INTERNATIONAL REGULATIONS

“Observed range of practice in key elements of Advanced Measurement Approaches (AMA)” published by the Basel Committee

The AIGOR (Accord Implementation Group's Operational Risk Subgroup) of the Basel Committee on Banking Supervision focuses on the challenges associated with the development, implementation and maintenance of an operational risk management framework meeting the requirements of Basel II, and more particularly the Advanced Measurement Approaches (AMA).

In recognition of the evolutionary nature of operational risk management, the Basel II framework intentionally provides a significant degree of flexibility for banks wishing to use the advanced measurement approaches. It is not surprising, therefore, that the practice that has emerged in this field tends to be quite broad.

In this context, the Basel Committee has published the paper “Observed range of practice in key elements of Advanced Measurement Approaches (AMA)” using information obtained from AIGOR members. This paper describes specific practices that have been observed in relation to some of the key challenges that banks wishing to apply AMA have been facing. The paper addresses three subject areas: internal governance, data and modelling/quantification. It focuses on the key issues in each of the three subject areas. Furthermore, for every individual issue, the paper refers to the Basel II framework, puts the issues into their context, brings up the various challenges or questions, and finally describes the observed practices.

The paper does not claim to address all issues nor does it compare all existing practices, but focuses on key issues in each of the three aforementioned subject areas and provides a reasonable cross-section of the practices observed with respect to these issues.

No judgment regarding the acceptability of the practices reflected in the paper is expressed. For example, the fact that a particular practice is mentioned in the paper does not imply that this practice is endorsed by AIGOR or by its members. Nor should the absence of a particular practice be interpreted to imply that it is not acceptable. The principal purpose of the paper is to catalogue the key issues and corresponding practices observed among AMA banks operating AIGOR member countries.

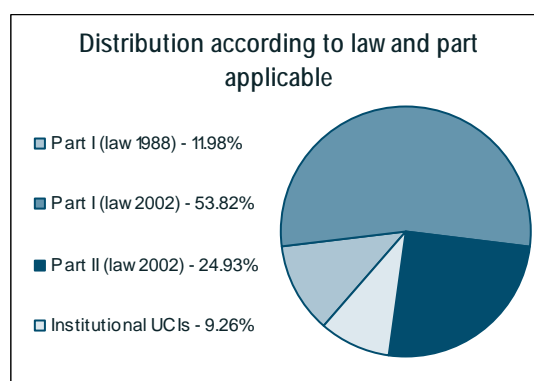
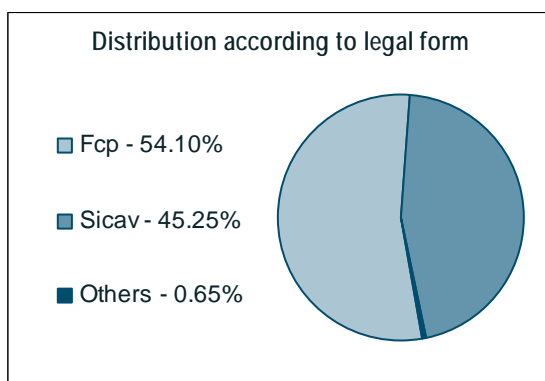
The paper is available on the CSSF website in section [“International documents”](#).

UCI STATISTICS

Quarterly statistics on the undertakings for collective investment industry - situation as at 30 September 2006

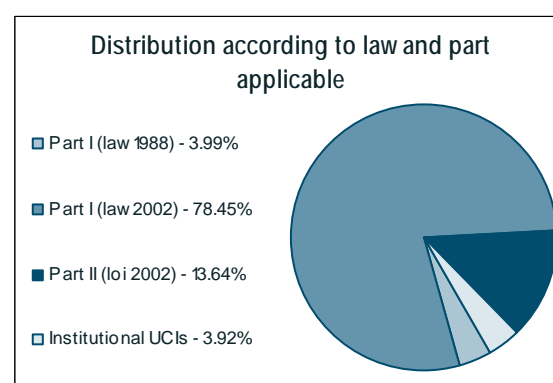
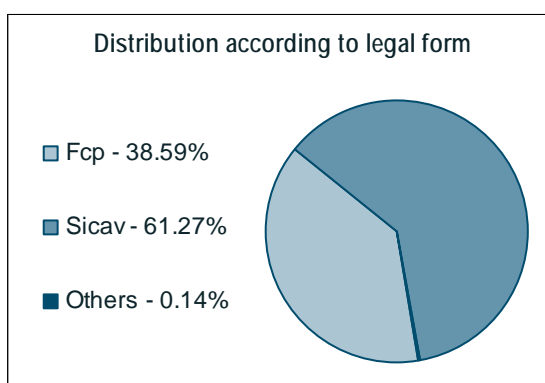
Every three months, in addition to the monthly statistics, the CSSF newsletter provides more detailed information on the investment fund sector, in particular regarding the origin of the promoters and the investment policy of the UCIs.

■ NUMBER OF UCIS



Law, Part/ legal form	FCP	SICAV	Others	Total
Part I (law 1988)	115	143	2	260
Part I (law 2002)	767	401	0	1,168
Part II (law 2002)	172	358	11	541
Institutional UCIs	120	80	1	201
TOTAL	1,174	982	14	2,170

■ NET ASSETS OF UCIS



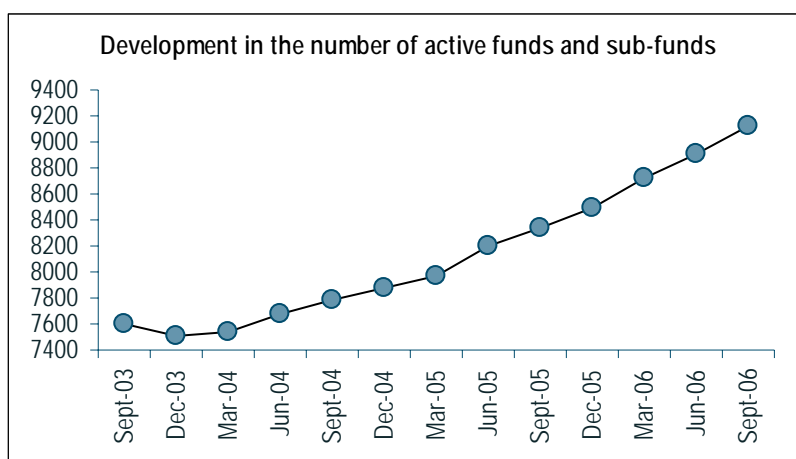
Law, Part/ legal form (in bn EUR)	FCP	SICAV	Others	Total
Part I (law 1988)	39.741	29.304	0.064	69.109
Part I (law 2002)	489.946	869.607	0.000	1,359.553
Part II (law 2002)	93.960	140.048	2.348	236.356
Institutional UCIs	45.121	22.851	0.040	68.012
TOTAL	668.768	1,061.810	2.452	1,733.030

UCI STATISTICS

■ ORIGIN OF THE PROMOTERS OF LUXEMBOURG UCIS

	Net assets (in bn EUR)	In %
Switzerland	329.932	19.0%
United States	325.187	18.8%
Germany	285.665	16.5%
United Kingdom	180.558	10.4%
Italy	171.824	9.9%
Belgium	157.072	9.1%
France	118.898	6.9%
Netherlands	52.101	3.0%
Sweden	26.188	1.5%
Japan	26.137	1.5%
Others	59.468	3.4%
TOTAL	1,733.030	100 %

■ DEVELOPMENT IN THE NUMBER OF UNITS



■ INVESTMENT POLICY OF THE LUXEMBOURG UCIS

	Net assets (in bn EUR)
Fixed-income transferable securities (*)	732.676
Variable-yield transferable securities (**)	671.577
Mixed transferable securities (***)	151.338
Fund of funds	152.216
Cash	8.273
Real estate	6.801
Futures, options, warrants	9.222
Others (****)	0.927
TOTAL	1,733.030

(*) Including EUR 210.477 billion in money market instruments and other short-term securities

(**) Including EUR 2.786 billion in non-listed transferable securities and 0.406 billion euro in venture capital.

(**) Including EUR 0.272 billion in non-listed transferable securities and 0.295 billion euro in venture capital.

(**) Including EUR 0.044 billion in venture capital.

OFFICIAL LISTS

■ LIST OF BANKS

New establishment:

Citco Bank Nederland N.V., Amsterdam (Pays-Bas), Luxembourg Branch

20, rue de la Poste, L-2346 Luxembourg

Beginning of activities: 8 November 2006

Change of denomination:

Swedbank (Luxembourg) S.A. into

Swedbank S.A.

■ LIST OF OTHER PROFESSIONALS OF THE FINANCIAL SECTOR (PFS)

New establishments:

BRINK'S SECURITY LUXEMBOURG S.A.

8, rue de Bitbourg, L-1273 Luxembourg

Client communication agent

Ministerial authorisation of 19.10.2006

CARNE GLOBAL FINANCIAL SERVICES LUXEMBOURG S.A R.L.

25B, boulevard Royal, L-2449 Luxembourg

Professional performing services of setting up and of management of companies

Ministerial authorisation of 20.10.2006

EUROSCRIPT LUXEMBOURG S.A R.L.

55, rue de Luxembourg, L-8077 Bertrange

Administrative agent of the financial sector

Ministerial authorisation of 19.10.2006

FUJITSU SERVICES PSF S.A R.L.

3, rue Jean Piret, L-2350 Luxembourg

IT systems and communication networks operator of the financial sector

Ministerial authorisation of 20.06.2006

Extension of status:

BELLATRIX INVESTMENTS S.A.

207, route d'Arlon, L-1150 Luxembourg

status of professional performing services of setting up and of management of companies to that of financial advisor

INVESTOR LUXEMBOURG S.A.

2, route de Mondorf, L-5670 Altwies

status of broker added to that of financial advisor

OFFICIAL LISTS

Change of address:

IRIS SECURITIES LUXEMBOURG S.A.

Centre Descartes – 287, route d'Arlon, L-1150 Luxembourg

■ LIST OF MANAGEMENT COMPANIES

New companies:

FINTER FUND MANAGEMENT COMPANY S.A.

291, route d'Arlon, L-1150 Luxembourg

TETI INTERNATIONAL ASSET MANAGEMENT

5, Allée Scheffer, L-2520 Luxembourg

ETRURIA FUND MANAGEMENT COMPANY S.A.

291, route d'Arlon, L-2010 Luxembourg

DYNAMIC ASSET MANAGEMENT COMPANY (LUXEMBOURG) S.A.

15, rue du Fort Bourbon, L-1249 Luxembourg

TRENDCONCEPT FUND S.A.

2, rue Heine, L-1720 Luxembourg

Withdrawal:

ACTIVEST INVESTMENTGESELLSCHAFT LUXEMBOURG S.A.

Merger with PIONEER ASSET MANAGEMENT S.A.

Change of denomination:

SANPAOLO IMI ASSET MANAGEMENT LUXEMBOURG S.A. into
EURIZON CAPITAL S.A.

Changes of address:

GENERALI INVESTMENTS LUXEMBOURG S.A.

6B, route de Trèves, L-2633 Senningerberg

PIONEER ASSET MANAGEMENT S.A.

4, rue Alphonse Weicker, L-2721 Luxembourg

RBS (LUXEMBOURG) S.A.

33, rue de Gasperich, L-5826 Hesperange

OFFICIAL LISTS

■ LIST OF PENSION FUNDS

Change of denomination:

ERNST & YOUNG-LOMBARD INTERNATIONAL PENSION SCHEME into
ERNST & YOUNG INTERNATIONAL PENSION SCHEME

■ LIST OF SECURITISATION UNDERTAKINGS

Change of denomination:

iStructure II S.A. into
DWS GO S.A.

■ LIST OF INVESTMENT COMPANIES IN RISK CAPITAL (SICARS)

New companies:

ABN AMRO PPP INVESTMENTS SCA SICAR
46 A, avenue J.F. Kennedy, L-1855 Luxembourg

CHINA VENTURES, S.C.A., SICAR
20, boulevard Emmanuel Servais, L-2535 Luxembourg

DU TURKISH PRIVATE EQUITY OPPORTUNITIES I, S.C.A., SICAR
1, boulevard Royal, L-2016 Luxembourg

CA IMMO NEW EUROPE PROPERTY FUND S.C.A. SICAR
4, rue Jean Monnet, L-2180 Luxembourg

OFFICIAL LISTS

■ LIST OF UNDERTAKINGS FOR COLLECTIVE INVESTMENT (UCIS)

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 2006

Registrations

- DWS GLOBAL; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- SEB PRIVATE EQUITY FUND; 6A, Circuit de la Foire Internationale; L-1347 Luxembourg
- GLOBAL PROPERTY SELECT; 8A, boulevard Joseph II; L-1840 Luxembourg
- E.ON PENSION FUND; 8A, boulevard Joseph II; L-1840 Luxembourg
- SINCRO SICAV II; 41, boulevard Royal; L-2449 Luxembourg
- RECORD FUND; 52, route d'Esch; L-1470 Luxembourg
- (LF) FUND OF FUNDS; 5, rue Jean Monnet; L-2180 Luxembourg
- STABILITAS GROWTH; 1B, Parc d'activité Syrdall; L-5365 Munsbach
- IDC FLEX ZERTIFIKATEFONDS; 4, rue Thomas Edison; L-1445 Luxembourg-Strassen
- ABERDEEN EUROPEAN BALANCED PROPERTY FUND; 69, route d'Esch; L-1470 Luxembourg
- UNIOPTI4; 308, route d'Esch; L-1471 Luxembourg
- ABERDEEN EUROPEAN SHOPPING PROPERTY FUND; 69, route d'Esch; L-1470 Luxembourg
- DEKA-OPTIRENT 12/2009; 5, rue des Labours; L-1912 Luxembourg
- DEKA-COMMODITIES; 5, rue des Labours; L-1912 Luxembourg
- RACE ONE; 49, avenue J-F Kennedy; L-1855 Luxembourg
- BI SICAV; 69, route d'Esch; L-1470 Luxembourg
- RREEF; 2, boulevard Konrad Adenauer; L-1115 Luxembourg
- DEKA-OPTIRENT 12/2007; 5, rue des Labours; L-1912 Luxembourg
- HANDELSBANKEN SICAV II; 146, boulevard de la Pétrusse; L-2330 Luxembourg
- PARTNERS GROUP ALTERNATIVE STRATEGIES; 6A, Circuit de la Foire Internationale; L-1347 Luxembourg
- MERRILL LYNCH REAL ESTATE FUND OF FUNDS; 49, avenue J-F Kennedy; L-1855 Luxembourg
- ABC LEGACY FUND; 1, boulevard Royal; L-2449 Luxembourg
- SPECIALIST INVESTMENT FUNDS (2); 26, boulevard Royal; L-2449 Luxembourg
- BERENBERG SYSTEMATIC APPROACH; 23, rue Aldringen; L-1118 Luxembourg
- PLATINUM I SICAV; 5, allée Scheffer; L-2520 Luxembourg
- CAPITAL INTERNATIONAL ABSOLUTE INCOME GROWER FUND; 6, route de Trèves; L-2633 Senningerberg

Withdrawals

- EUFI-CASH; 1, place de Metz; L-1930 Luxembourg
- EUFI-RENT; 1, place de Metz; L-1930 Luxembourg
- TMF SICAV; 46, avenue J-F Kennedy; L-1855 Luxembourg
- MLB(S) (LUX) INTERNATIONAL PORTFOLIOS; 6, route de Trèves; L-2633 Senningerberg
- PREMIER FUND; 5, allée Scheffer; L-2520 Luxembourg
- ACTIVEST GLOBALSTRATEGIE; 4, rue Alphonse Weicker; L-2721 Luxembourg
- ETRA GLOBAL SICAV; 69, route d'Esch; L-1470 Luxembourg
- RESERVE PORTFOLIO; 49, avenue J-F Kennedy; L-1855 Luxembourg
- ACTIVEST LUX KEY FUND; 4, rue Alphonse Weicker; L-2721 Luxembourg
- ACTIVEST LUX MULTI FUND; 4, rue Alphonse Weicker; L-2721 Luxembourg
- EUROPEAN NETWORK FUND; 25, rue Edward Steichen; L-2540 Luxembourg
- AXA ALTERNATIVE OPPORTUNITIES; 8, rue de la Grève; L-1643 Luxembourg
- BERENBERG GLOBAL OPPORTUNITY 2; 23, rue Aldringen; L-1118 Luxembourg
- DWS DYNAMIC; 2, boulevard Konrad Adenauer; L-1115 Luxembourg

FINANCIAL CENTRE

Main updated figures regarding the financial centre:

Number of banks: **154** (31 October 2006)

Balance sheet total: **EUR 843.942 billion** (30 September 2006)

Profit before provisions: **EUR 5.024 billion** (30 September 2006)

Employment: **24,354 people** (30 September 2006)

Number of UCIs: **2,200** (15 November 2006)

Total net assets: **EUR 1,733.030 billion** (30 September 2006)

Number of SICARs: **86** (15 November 2006)

Number of pension funds: **15** (31 October 2006)

Number of management companies: **141** (15 November 2006)
(chapter 13 of the law of 20 December 2002)

Employment: **2,051 people** (30 September 2006)

Number of PFS: **199** (31 October 2006)

Balance sheet total: **EUR 68.781 billion** (30 September 2006)

Net profit: **EUR 404.228 million** (30 September 2006)

Employment: **8,458 people** (30 September 2006)

Number of securitisation vehicles: **10** (31 October 2006)

Total employment in the supervised establishments: **33,298 people** (31 March 2006)

Total employment in the supervised establishments: **34,048 people** (30 June 2006)

Total employment in the supervised establishments: **34,863 people** (30 September 2006)

CSSF Newsletter

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