

RELEVANT NEWS FOR THE LUX FINANCIAL CENTRE

29 July:

The Committee of European Securities Regulators (CESR) publishes the first set of technical advice to the European Commission in the context of reviewing MiFID, the Markets in Financial Instruments Directive. CESR and market participants aim at improving pre- and post-trade transparency, the orderly functioning of the markets and strengthening investor protection.

28 July:

Guernsey announces that it will introduce automatic exchange of information regime between 1 January 2011 and 1 July 2011. A report will be submitted to the States of Guernsey in autumn to confirm arrangements for the move.

The European Central Bank reviews the risk control measures in the framework for assets eligible for use as collateral in Euro-system market operations. The new schedule duly graduates haircuts according to differences in maturities, liquidity categories and the credit quality of the assets concerned.

The Committee of European Banking Supervisors (CEBS) publishes its implementation guidelines on large exposures exemptions for money transmission, correspondent banking, clearing and settlement and custody services. The guidelines have to be transposed into Member States' national law by 31 October 2010 and to be applied from 31 December 2010.

27 July:

Germany confirmed that it had held back approval of the Basel Committee's draft reform of banking rules and would refrain from taking a stance until experts determine details of capital requirements. The aim of the proposals is to force banks to hold more and better quality capital so they can withstand future shocks without taxpayer help 26 July.

The UK government set out a raft of changes to the UK regulatory system which will see much of the current power handed back to the Bank of England amid concerns that the Financial Services Authority (FSA) is about to be disbanded.

The Group of Governors and Heads of Supervision reach broad agreement on Basel Committee capital and liquidity reform package. They are deeply committed to increase the quality, quantity, and international consistency of capital, to strengthen liquidity standards and to discourage excessive leverage and risk taking.

23 July:

EU Banks pass stress tests. From the 91 tested banks, only 7 failed. Luxembourg banks, Banque Raiffeisen and Banque et Caisse d'Épargne de l'État (BCEE), showed very good results. The Bundesbank emphasized the assumptions for the macro-economic shock in the EU stress scenarios were more severe than those used in the stress test conducted in the US.

22 July:

France and Germany issue joint plans for EU economic governance demanding tougher sanctions for countries that break the EU's debt and deficit limits. The Franco-German proposal forms part of European efforts to repair damage from the Greek debt crisis along with bank stress tests.

Singapore's Authorities repeated that the territory will not go further than the new adopted tax law adopted on March 12, 2010 to align itself on the OECD standards.

OECD approves the 2010 updates of its Model Tax Convention. New positions by Indonesia, the United Arab Emirates and Hong Kong are also added to the Model Tax Convention through this update. There are 31 non OECD economies that have set out their positions on the Model.

Swiss banks face the highest wage demands in three years from bankers skilled at winning wealthy clients in Asia, where the number of millionaires rose 26 per cent last year.

21 July:

The Financial Stability Board launches peer review on risk disclosure. As part of this review, the FSB invites public input on the implementation of the recommendations.

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20 July:

According to the report « Unfair Advantage The Business Case Against Overseas Tax Havens » (U.S. Government Accountability Office), 83 % of the largest publicly traded U.S. corporations operated with subsidiaries in the Cayman Islands, Bermuda, Switzerland, Luxembourg and other offshore tax havens in 2007.

Sheila Bair, chairman of the Federal Deposit Insurance Corporation (FDIC) in the United States, has said some members of the committee setting international capital standards are “succumbing” to “disingenuous” lobbying from large banks. Ms Bair also said she would not hesitate to use newly acquired powers to break up an institution if it could not provide a credible “living will”.

Dubai International Center is exploring the possibility of setting-up a « second-tier » stock exchange for small and medium sized companies in the Middle East. The existing equity markets in the Middle East are geared for bigger companies, although about 95 percent of the firms operating in the region are small and medium-sized.

19 July:

Mc Kinsey European Private Banking Study 2010: Luxembourg experienced significant outflows of 5 % in 2009 because of its focus on Western European money. Despite this, private banks in Luxembourg continue to be Europe’s champion in terms of profitability with a profit margin more than twice the European average.

According to EU official sources, the hedge funds row might soon be over – Funds will likely be able to choose between getting an EU passport to gain access to national markets or getting the private licenses.

Swiss court backs US Swiss pact on UBS data by rejecting an UBS client appeal. The decision translates to a final stamp of approval from Swiss authorities, who ultimately clinched parliamentary approval last month for an August 2009 settlement between the U.S. and Switzerland to hand over data on roughly 4,450 alleged tax offenders with hidden Swiss offshore accounts.

The Dubai Financial Services Authorities implements a series of regulatory changes to the collective investment funds regime. DIFC-based Fund Managers are now permitted to establish and manage Funds in jurisdictions of their choice. Scope for marketing of foreign funds in or from the DIFC has been expanded and a more competitive fee structure has been implemented.

16 July:

Italy gives further details of the previously undeclared assets repatriated from abroad or regularised by Italian residents during the whole period of the latest Italian tax amnesty. While assets totalling EUR71bn were declared out of Switzerland by around 105,000 Italian residents, followed by Luxembourg with EUR6.8bn (by more than 7,000) and San Marino with EUR5.8bn (by around 20,000), funds were also found from other, more unexpected, countries.

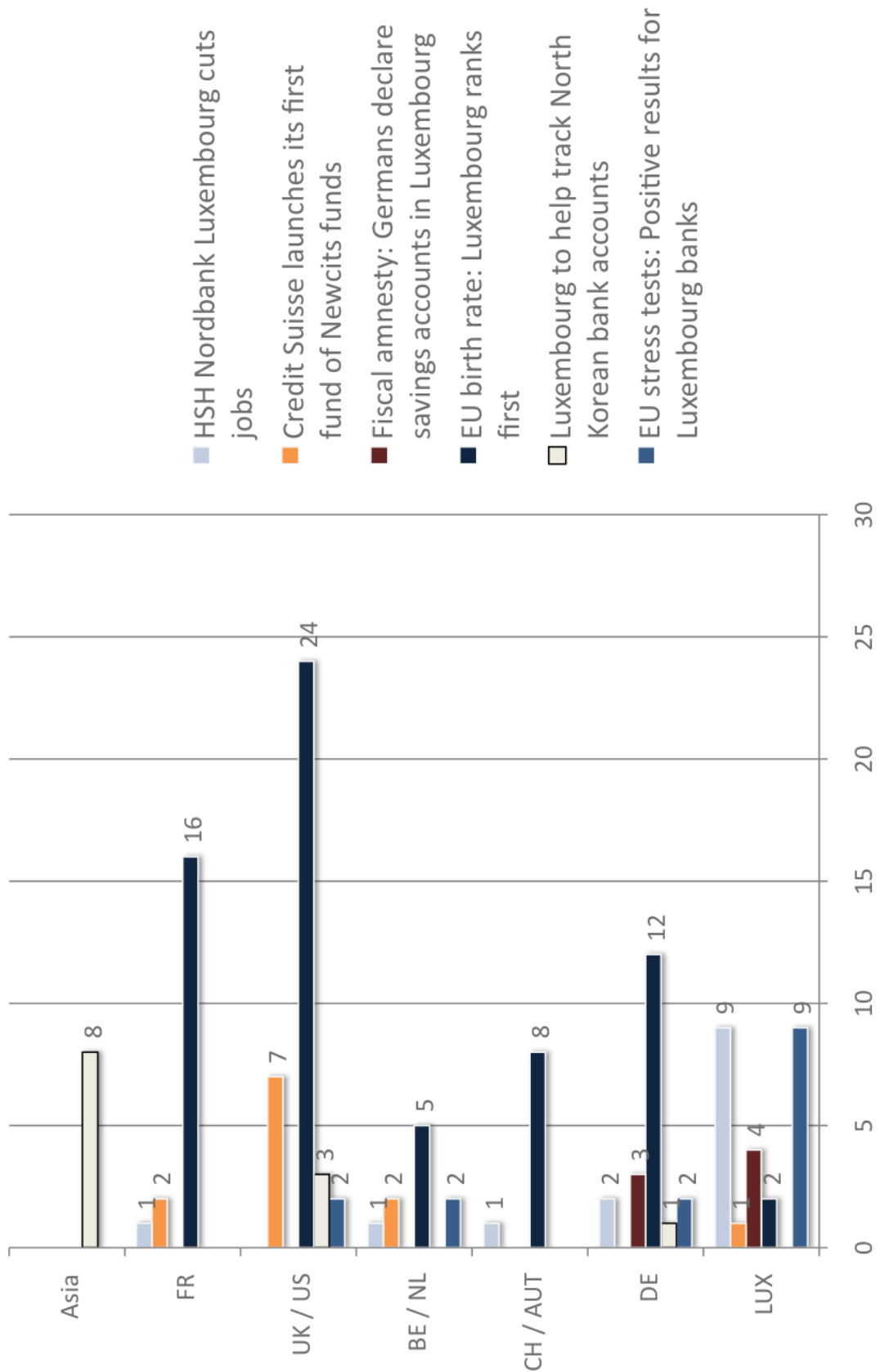
15 July:

United States Senate has given final approval to the biggest overhaul of US financial regulation in decades. The reforms are designed to reduce the risks that banks take and to boost protection for consumers. They include new government powers to break up any company that becomes so big its failure could threaten the economy.

Liechtenstein adopts financial market law. According to Prime Minister Klaus Tschütscher, the proposed change to the law will ensure that Liechtenstein’s financial intermediaries in the area of securities will be able to take part in European and international financial markets in future, and will serve to maintain both the competitiveness and the reputation of Liechtenstein’s financial centre.

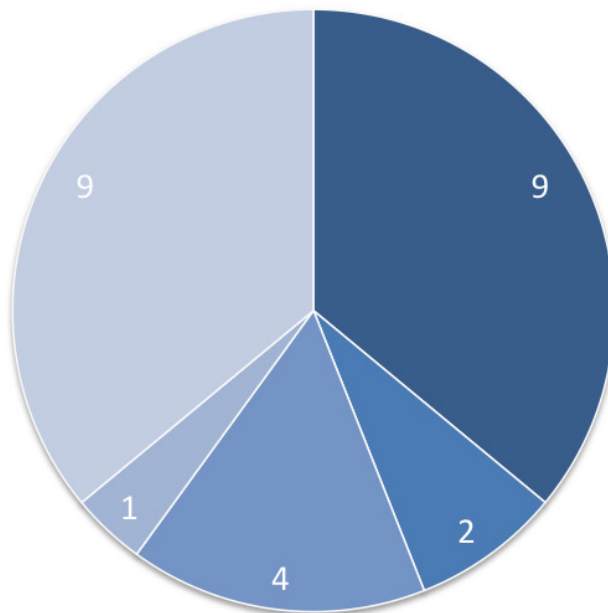
Germany raids bank offices in tax evasion inquiry: Credit Suisse were searched as part of investigation into accusations that its employees might have helped clients evade taxes. The case that prompted today’s raids began after German authorities obtained a disk with data that prompted probes against some 1,100 customers of Zurich-based Credit Suisse, Switzerland’s second-biggest bank.

FINANCIAL CENTRE: MEDIA COVERAGE (by number of articles)



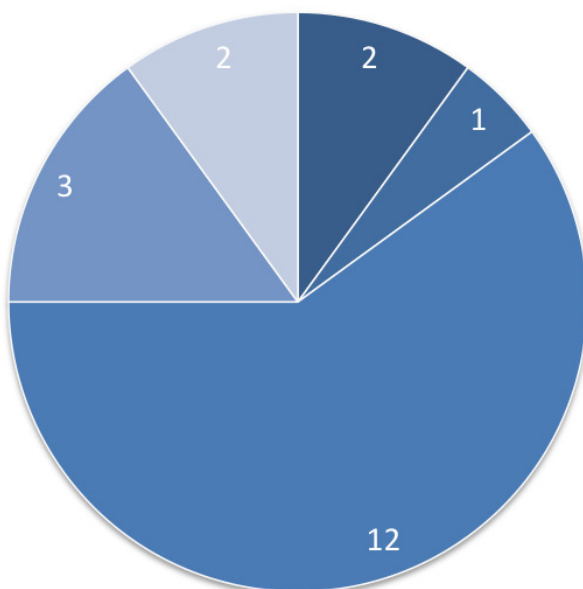
FINANCIAL CENTRE: COVERAGE BY COUNTRY (by number of articles)

LUX



- EU stress tests: Positive results for Luxembourg banks
- EU birth rate: Luxembourg ranks first
- Fiscal amnesty: Germans declare savings accounts in Luxembourg
- Credit Suisse launches its first fund of Newcits funds
- HSH Nordbank Luxembourg cuts jobs

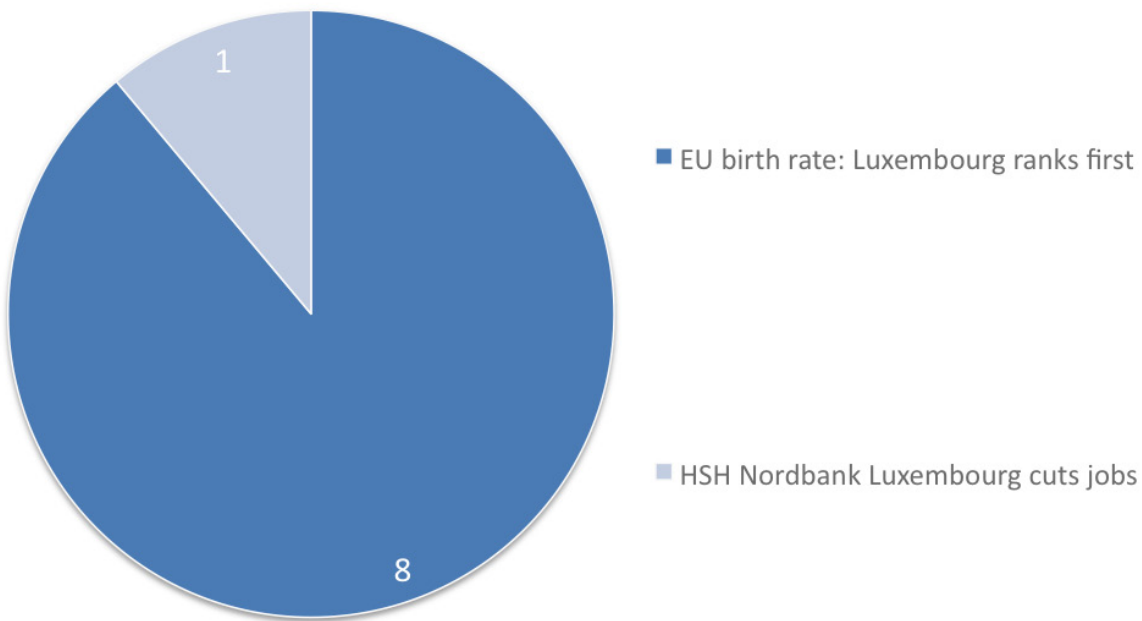
DE



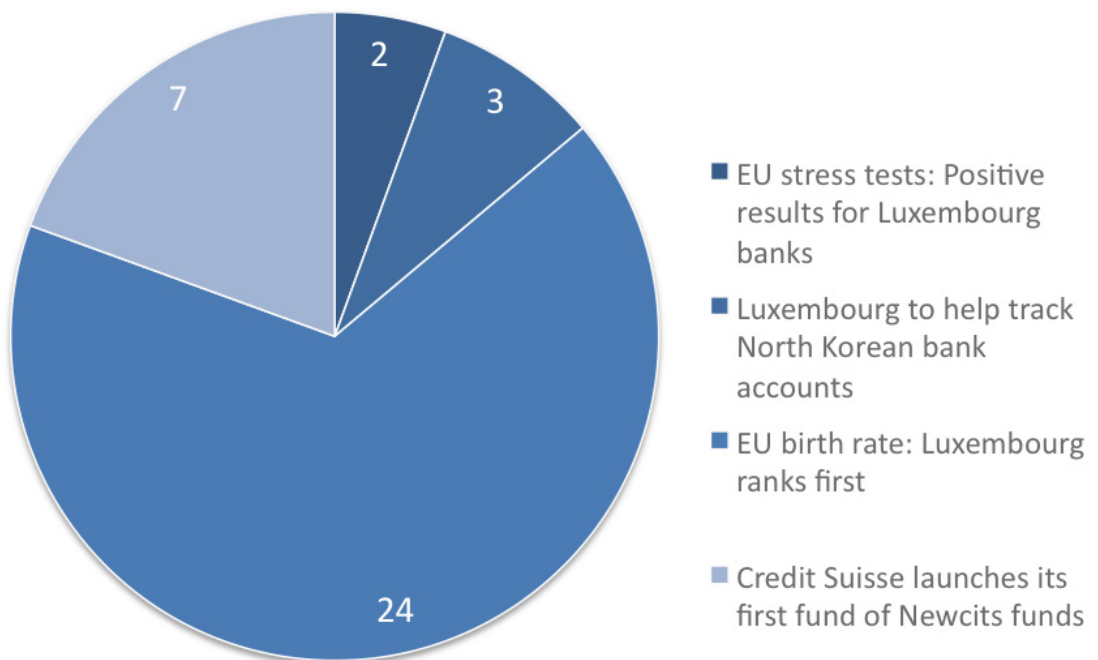
- EU stress tests: Positive results for Luxembourg banks
- Luxembourg to help track North Korean bank accounts
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CH / AUT

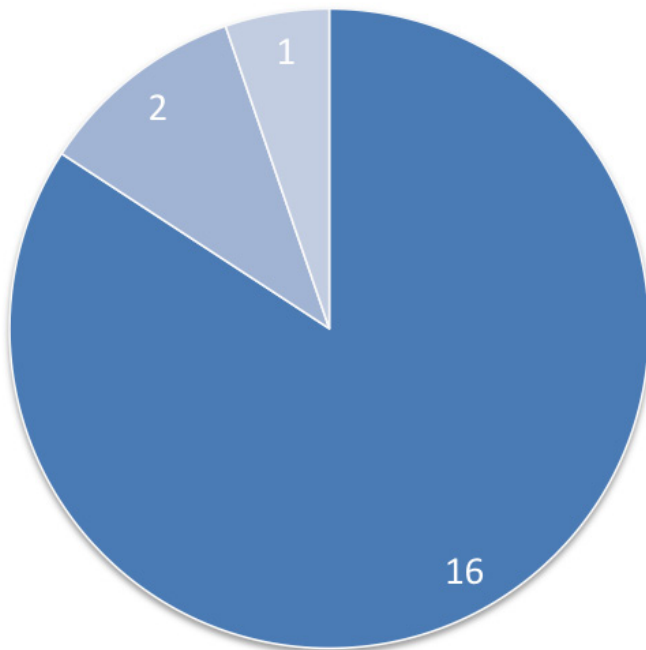


UK / US



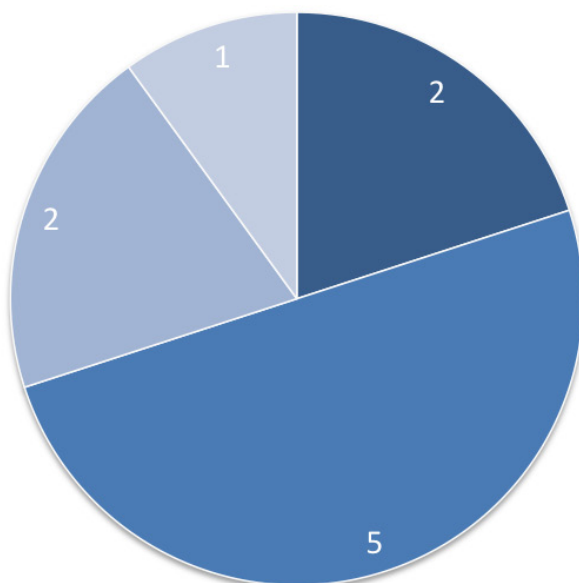
FINANCIAL CENTRE: COVERAGE BY COUNTRY (by number of articles)

FR



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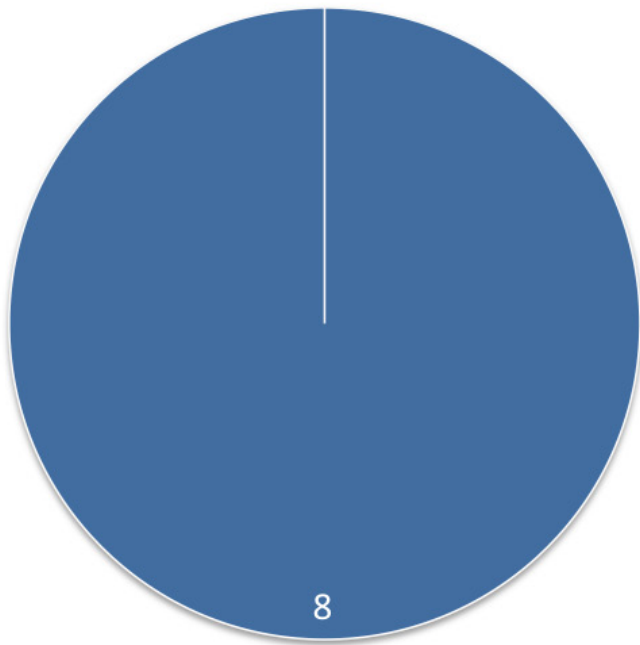
BE / NL



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FINANCIAL CENTRE: COVERAGE BY COUNTRY (by number of articles)

Asia



- Luxembourg to help track North Korean bank accounts

STATEMENTS ABOUT LUXEMBOURG

	Name	Position	Organisation	Source	Date
Data protection	Pierre-Henri Thomas	Journalist	Le Soir	Le Soir	16/07/10
	<p>Peut-on placer les données confidentielles des clients belges à Luxembourg, dans un centre de calcul qui, par ailleurs, contiendrait aussi les données de clients luxembourgeois ? «Les environnements informatiques utilisés par les différentes entités du groupe, bien que consolidés dans les mêmes centres de calcul d'un point de vue géographique, sont, d'un point de vue technique, strictement isolés pour chacune des entités », répond Dexia. Et la banque se déclare « très attachée à la confidentialité des données personnelles de sa clientèle et au respect des dispositions légales et réglementaires applicables, qu'elles soient belges ou luxembourgeoises, encadrant non seulement le secret bancaire luxembourgeois mais assurant également la protection de la vie privée de chacun de ses clients ». Mais les juristes restent partagés : on pourrait en effet se trouver devant un casse-tête, qui expliquerait d'ailleurs que pour l'instant, Dexia soit la seule des grandes banques belges à avoir délocalisé les données de ses clients belges. , Car, en vertu des directives européennes, même logées à Luxembourg, ces données ne perdent pas leur « territorialité ». Elles restent belges.</p>				
Fund Industry	Joe Marsh	Journalist	Asian Investor	Asian Investor	17/07/10
	<p>With \$25 billion in assets under management and around 700 employees, the Zurich-based private bank Wegelin has no presence and very little business in Asia-Pacific, apart from Australia. But it is looking to attract more institutional and high-net-worth business in the region, says Asia-Pacific head Robert Huber. The firm's asset-management unit was set up in 1996, and all its products are Luxembourg-based Ucits III Sicav vehicles, which provide it with global distribution for professional investors. Wegelin Asset Management offers several quantitative-investment strategies, all of which seek to offer something unique, focusing on risk parity, volatility and dynamic indexing.</p>				
	Nick Rice	Journalist	Fund Strategy	Fund Strategy	20/07/10
	<p>Uncertainty still hangs over Ucits IV, including its treatment of tax and sophisticated funds, according to the Association of the Luxembourg Fund Industry (Alfi). Charles Muller, the deputy director general of Alfi, says regulators are unlikely to resolve how Ucits IV funds will be taxed until after the June 2011 deadline for implementing the regime.</p>				
Image	Not named	Blogger	WSJ Blog	WSJ Blog	27/07/10
	<p>The Secret of Luxembourg, if one can call it this way, is that it combines high quality of living, high salaries, family-friendly infrastructures, beautiful environment, human scale cities and security. It is open minded in the way that everyone is welcomed as long as he comes with the aim of working. The local legislation prevents social welfare abuses, and you can not migrate to Luxembourg if you haven't found a job there. It's realistic, pragmatic and business focused. But don't get it wrong : Luxembourg is the largest contributor to the Third World development, and dedicates 1% of its GDP to development programs in underdeveloped countries. Personnaly I've been living here for a while now, along with more and more Brits and US expats, and I must say I like it here. Best regards.</p>				
Private Banking	Not named	Journalist	Börsen-Zeitung	Börsen-Zeitung	20/07/10
	<p>Insgesamt gibt sich McKinsey für die deutschen Häuser optimistisch: Der Druck auf Offshore-Bankplätze wie Luxemburg und die Schweiz werde dazu führen, dass wieder mehr Geld von dort nach Deutschland zurückfließen werde. So verzeichnen die Schweizer Banken 2009 einen Mittelabfluss von 1%, die Luxemburger Banken von 5 %. Zudem zeichne sich ab, dass infolge der Finanzkrise viel Anleger wieder mehr auf gute Beratung und Vermögensverwaltung setzen würden. Dabei haben Kundenzufriedenheit und Loyalität jedoch nachgelassen. Viele vermögende Kunden hätten ihre Bank gewechselt oder planten dies zu tun, so die Studie.</p>				
	Lisa Jucca	Journalist	Reuters	Reuters	19/07/10
	<p>Luxembourg, a smaller financial centre than Switzerland and with bigger focus on Western European money, saw net client withdrawals of 5 percent of managed wealth. But its banks were able to hold to profit margins of 42 basis points, more than twice the European average.</p>				
Taxation	Christopher Moraff	Journalist	In These Times	In These Times	16/07/10
	<p>Among the techniques companies use to avoid paying U.S. taxes is what's known as "transfer pricing." Transfer pricing involves the fees subsidiaries of a corporation charge each other for intercompany exchanges. Firms abuse transfer pricing by shifting costly assets from places like the United States to low or no-tax jurisdictions, say, Luxembourg or the Bahamas. Intangible assets like patents and trademarks are especially attractive for income-shifting schemes since their value is arbitrary and therefore more open to distortion.</p>				

FINANCIAL CENTRES MONITORING

Luxembourg:

Luxembourg to Help Track N.Korean Bank Accounts

The Chosun Ilbo, 29/07/10

http://english.chosun.com/site/data/html_dir/2010/07/29/2010072900283.html

Luxembourg has promised to cooperate with UN and U.S. financial sanctions against North Korea, Radio Free Asia reported Wednesday.

A spokesman for Luxembourg's Finance Ministry told RFA that the country is closely watching for any illegal activities by the North using offshore accounts and will take "appropriate legal steps" if it finds them.

He claimed Luxembourg regularly updates domestic laws in accordance with international norms to monitor and punish those involved in illegal activities.

Luxembourg's Population Boom

WSJ Blog Real Time Brussels, 27/07/10

<http://blogs.wsj.com/brussels/2010/07/27/little-luxembourgs-population-boom/>

Have Europeans suddenly become attracted to the charms of Luxembourg's old city? Or perhaps by the symbols of European unity that dot its European quarter—the European Court of Justice, the European Investment Bank? Or is it that television in the Grand Duchy is not all that good?

According to data released Tuesday by Eurostat, the EU's statistics agency (also based in Luxembourg), Luxembourg's population rose 1.72% in 2009. That's by far the largest rate of increase in the EU.

A quick read of the figures shows that the reason for the increase is not a Luxembourg Baby Boom. Instead, it's an influx of immigrants: 1.32 percentage points of the rise is due to net migration into Luxembourg.

Ausgezeichnete Ergebnisse für Luxemburger Bankinstitute

Luxemburger Wort, 23/07/10

<http://www.wort.lu/wort/web/business/artikel/2010/07/104025/ausgezeichnete-ergebnisse-fuer-luxemburger-bankinstitute.php>

Ausgezeichnet haben die beiden Luxemburger Banken BCEE und Raiffeisen beim europäischen Stresstest für Finanzinstitute abgeschnitten. Beide Banken lagen weit über der im Krisenszenario festgelegten minimalen Kernkapitalquote.

Insgesamt 91 europäische Geldinstitute waren im Juli einem Krisenszenario unterzogen worden, mit dem der Impakt einer negativen Entwicklung des Bruttoinlandsprodukts und des Arbeitsmarkts sowie eines Wertverfalls von Staatsanleihen untersucht werden sollte – kurz gesagt ein Widerstandstest für eine mögliche Verschlimmerung der Krise.

France:

NYSE Euronext plan 'last nail in coffin'

FT.com, 14/07/10

<http://www.ft.com/cms/s/0/6b97c92c-8f82-11df-8df0-00144feab49a.html?ftcamp=rss>

Plans by the owner of the Paris Bourse to set up a London platform to attract international company listings are "the last nail in the coffin" for the French capital as a financial centre, the chief executive of the London Stock Exchange said on Wednesday.

The comments by Xavier Rolet, who is French, come as Europe's financial capitals – London, Paris and Frankfurt – jockey to bolster credentials after the financial crisis.

This week London received a boost when European Union finance ministers insisted that a proposed regional banking authority remain based in London, not Frankfurt, "despite the wishes of some", according to UK Chancellor George Osborne.

FINANCIAL CENTRES MONITORING

Switzerland:

Verklemmter Finanzplatz

sueddeutsche.de, 22/07/10

<http://www.sueddeutsche.de/w5X38p/3468066/Verklemmter-Finanzplatz.html>

Seit geraumer Zeit ist in Zürich davon die Rede, der Finanzplatz Schweiz sei in Gefahr. Irgendwie verständlich, schließlich hat Deutschland gerade im großen Stil Daten von Steuersündern gekauft. Nur eines ist schwer zu begreifen: Warum die Bezeichnung für Steuerhinterziehung und Geldwäsche in der Schweiz eigentlich 'Finanzplatz' lautet. Die Schweizer haben ein extrem schizophrenes Verhältnis zum Geld. Einerseits haben sie viel zu viel davon. Würde man sich in anderen Städten in den Untergrund begeben, käme man in die Kanalisation. In Zürich würde man vermutlich auf Gold stoßen. Die Banken haben ihre Golddepots in unterirdischen Bunkern. Wenn man durch die Bahnhofstraße spaziert, geht man angeblich auf Gold.

Die Schweizer setzen aber auch alles daran, so zu tun, als hätten sie kein Geld. So müssen Bahnfahrer hin und wieder eine Strafe zahlen, weil sie sich im Zug versehentlich in die Erste Klasse gesetzt haben. In der Schweiz sieht die Erste Klasse nämlich genau so aus wie die Zweite, wenn nicht sogar ein bisschen abgewetzter. Damit die, die Erste Klasse fahren, bloß nicht so wirken, als hätten sie Geld.

The Swiss chase for banking talent

Today, 22/07/10

<http://www.todayonline.com/Business/EDC100722-0000060/The-Swiss-chase-for-banking-talent>

Swiss banks face the highest wage demands in three years from bankers skilled at winning wealthy clients in Asia, where the number of millionaires rose 26 per cent last year.

UBS, Credit Suisse and Julius Baer, three of Switzerland's biggest fund companies, are competing for so-called relationship managers as heightened scrutiny of the tax affairs of individuals in Europe drives them to seek rich customers living in the world's fastest-growing economies.

Retaining or hiring senior advisers in Asia can cost two to three years of bonuses, said Mr John Koh, managing director of WMRC, a recruitment firm in Singapore.

Swiss banks find winning deposits from Asia

Bloomberg, 21/07/10

<http://www.bloomberg.com/news/2010-07-20/swiss-banks-find-winning-deposits-from-asians-brings-salaries-to-07-level.html>

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Place financière suisse: Chiffres-clés relatifs à la place financière suisse

Confédération Suisse, 19/07/10

<http://www.sif.admin.ch/dokumentation/00514/00515/00516/index.html?lang=fr>

FINANCIAL CENTRES MONITORING

Ireland:

Moody's downgrade Ireland's debt rating

The Economic Times, 19/07/10

<http://economictimes.indiatimes.com/news/international-business/Moodys-downgrade-Irelands-debt-rating/articleshow/6187539.cms>

Global rating agency Moody's on Monday cut the sovereign debt rating of Ireland due to the country's deteriorating financial situation, indicating that European debt crisis is far from over.

The latest downgrade comes within a week of the agency slashing the rating of Portugal, which is grappling with severe debt crisis.

UK:

UK launches Office for Tax Simplification

CNN, 20/07/10

<http://edition.cnn.com/2010/WORLD/europe/07/20/uk.tax.simplification/#fbid=SPnv9k1kOv>

The British government Tuesday created the Office for Tax Simplification, designed to cut through the 11,000 pages that currently make up the country's tax code.

"We have one of the most complicated and opaque tax codes in the developed world," Chancellor George Osborne said in announcing the office. "It is a spaghetti bowl of reliefs and exemptions and allowances which makes our tax system less competitive than it should be."

The new office will identify areas where Britain can reduce complexities in the tax system for both businesses and individuals, then give those findings to Osborne to consider.

Bahrain:

Bahrain to launch Shari'ah compliant bourse

AMEinfo, 20/07/10

<http://www.ameinfo.com/238251.html>

Bahrain is to launch a bourse dedicated to Shari'ah-compliant securities, Bloomberg has reported. The Bahrain Financial Exchange, scheduled to open in October, will start trading in Islamic debt next year, CEO Arshad Khan said. "We are quite hopeful that we'll see a very liquid secondary market in sukuk, which does not exist right now, whether in London or anywhere else," Khan told the news service.

New report reveals changing shape of financial services in Bahrain

AMEinfo, 19/07/10

<http://www.ameinfo.com/238150.html>

Growth in retail banking and insurance has formed an important part of the changing nature of the financial services industry in Bahrain, according to the Annual Economic Review, which was officially launched today by the Bahrain Economic Development Board.

FINANCIAL CENTRES MONITORING

Shanghai:

China's Financial Center, Shanghai or Hong Kong?

China Briefing, 26/07/10

<http://www.china-briefing.com/news/2010/07/26/china%E2%80%99s-financial-center-shanghai-or-hong-kong.html>

One of Shanghai's vice mayors, Tu Guangshao, stated last week that it would be preferable for Shanghai to be China's main financial center, and should be promoted over Hong Kong to capture global attention on China's markets. While Shanghai Communist Party chief Yu Zhengsheng has conceded that Shanghai would not catch up with Hong Kong until 2020, the polarization of both cities as China's main financial center is an issue that still has a long way to go before being resolved.

Turning Shanghai into a Global Financial Hub: So Much to Do, So Little Time

Knowledge Wharton, 07/07/10

<http://www.knowledgeatwharton.com.cn/index.cfm?fa=viewfeature&languageid=1&articleid=2257>

Shanghai is anything but shy about sharing its plans to become a top-tier international financial center (IFC) by 2020. That was made more than clear with the unveiling in May of the Bund Bull statue in the city's former business and commercial district. The Shanghai Stock Exchange statue not only pays homage to its Wall Street iconic counterpart (both were designed by Italian-American Arturo Di Modica), but also is a reflection of the city's desire to challenge the financial dominance of not only New York, and London as well. In a press release marking its unveiling, Zhou Wei, governor of the city's Huangpu district, described the Bund Bull as "younger and more energetic" than its New York counterpart, "symbolizing the energy of Shanghai's economy."

Dubai:

Dubai makes changes to collective investment funds regime

hedgeweek, 21/07/10

<http://www.hedgeweek.com/2010/07/21/55387/dubai-makes-changes-collective-investment-funds-regime>

The Dubai International Financial Centre Authority has welcomed a series of regulatory changes to the DIFC's collective investment funds regime.

The changes were made following recommendations made by a panel of market practitioners and implemented by the Dubai Financial Services Authority on 11 July 2010.

Dubai International Financial Centre-based fund managers are now permitted to establish and manage funds in jurisdictions of their choice.

Dubai prepares to launch second-tier market

FT.com, 20/07/10

<http://www.ft.com/cms/s/0/cb52ad74-93eb-11df-83ad-00144feab49a.html>

Dubai's financial centre is working on a plan to launch a second-tier market to offer smaller companies the opportunity to tap growth capital.

The idea, akin to London Stock Exchange's Alternative Investment Market, would ease the bar of entry for the region's small- and medium-sized companies, said Nasser Saidi, head of external affairs at the Dubai International Financial Centre Authority.