

RELEVANT NEWS FOR THE LUX FINANCIAL CENTRE

29 June:

The European Parliament has postponed the adoption of the new rules on alternative investments such as hedge funds and private equity until September.

28 June:

EU and US sign SWIFT agreement on the transfer of information on international bank transfers concluded through SWIFT system to U.S. counter terrorism authorities.

Sal. Oppenheim Luxembourg to cut 100 jobs.

27 June:

G20 leaders fail to reach an agreement on implementing a global banking levy. They balance their priorities by pledging to halve budget deficits by 2013 and to clamp down on risky bank behaviour without choking off lending.

The Monetary Authority of Singapore is discussing ways of expanding the city-state's clearing capacity, possibly by allowing international derivatives clearing houses to compete with the two existing Singapore exchange clearers.

26 June:

U.S. House of Representatives and Senate finalize the terms of the bank reform bill, making considerable regulatory changes.

Spanish tax authorities are investigating the holders of about 3,000 secret bank accounts in Switzerland over possible unpaid taxes.

25 June:

Brazil puts Switzerland off its blacklist.

24 June:

The European Commission asks Luxembourg to amend its legislation on inheritance tax.

23 June:

George Osborne, UK Chancellor of the Exchequer, calls for a bank levy which should be introduced from January 2011.

21 June:

MEPs call for counter-expertise that report a different point of view than the banking lobby.

Eurostat shows that Luxembourgers were last year the richest inhabitants in Europe. They can buy 2.68 times more with their incomes than can the average EU resident. Luxembourg is nevertheless an "anomaly" since the per capita figure is based on residents, while a large part of the workforce commutes from outside.

18 June:

EU agreement to impose a tax on banks and to publish their "solvency tests".

The Basel Committee on Banking Supervision agrees on certain adjustments to the document Revisions to the Basel II market risk framework.

17 June:

EU pressured to release bank stress-test results.

Swiss approve deal for UBS to reveal U.S. clients suspected of tax evasion.

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16 June:

European Union leaders call for global bank levy.

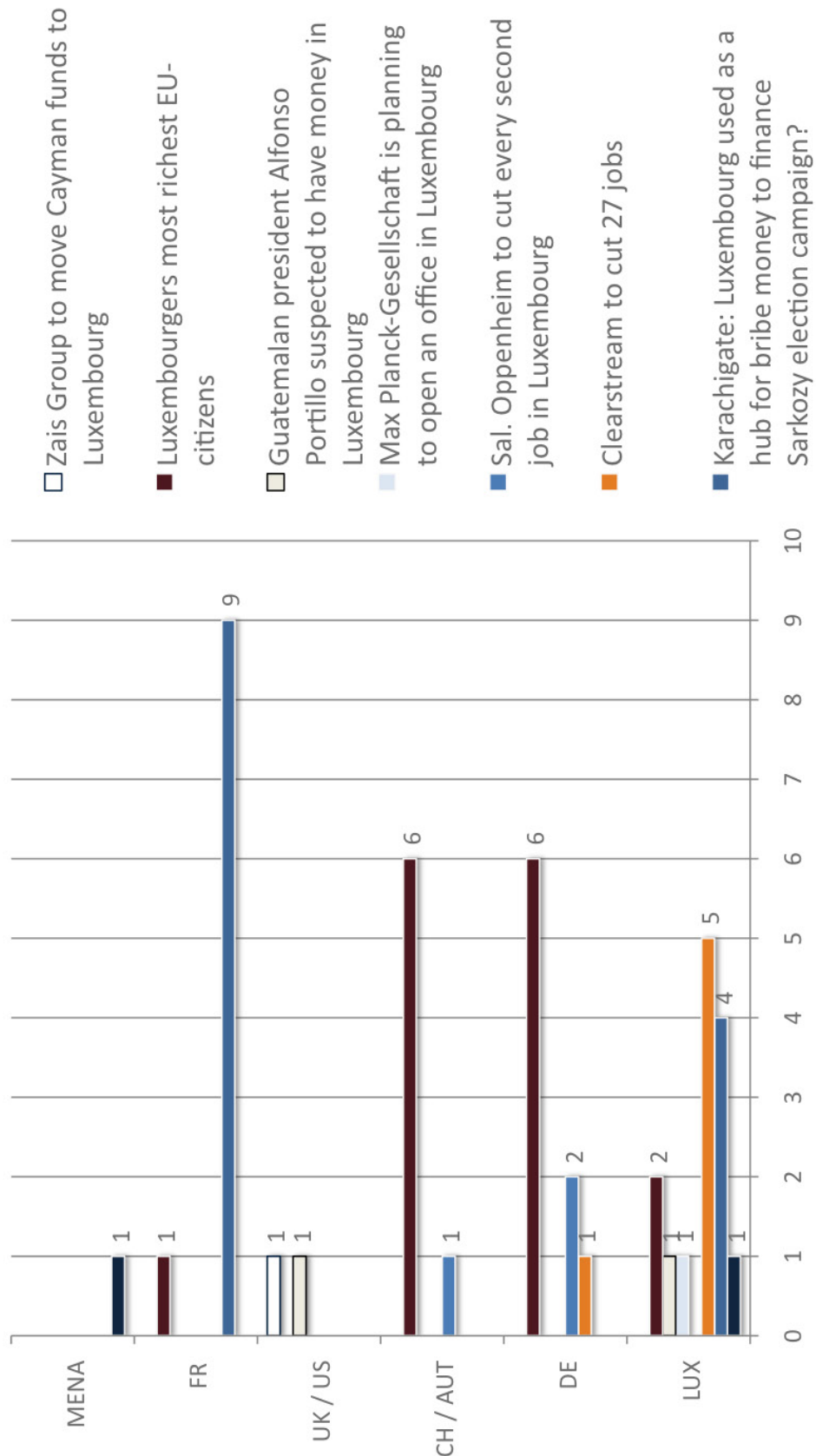
The U.K. government unveils a shake-up of its regulatory system that will consolidate power within the Bank of England and eliminate the Financial Services Authority.

Gibraltar ends tax-free offshore corporate status.

15 June:

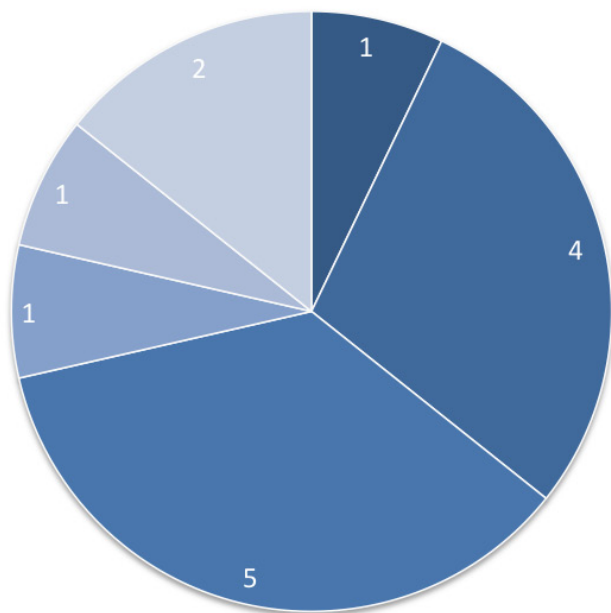
The European Commission says it wants to give market supervisors the authority to either ban or restrict short-selling and credit default swaps.

FINANCIAL CENTRE: MEDIA COVERAGE (by number of articles)



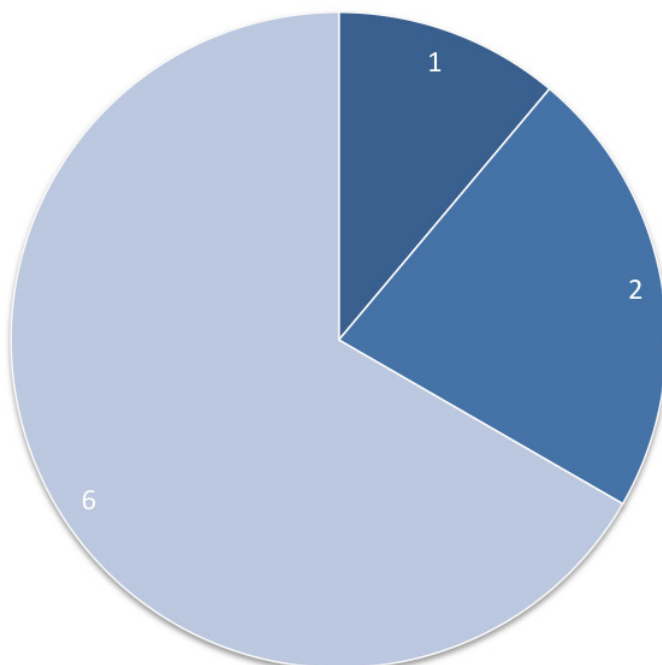
FINANCIAL CENTRE: COVERAGE BY COUNTRY (by number of articles)

Luxembourg



- LFF mission to Lebanon
- Karachigate: Luxembourg used as a hub for bribe money to finance Sarkozy election campaign?
- Clearstream to cut 27 jobs
- Max Planck-Gesellschaft is planning to open an office in Luxembourg
- Guatemalan president Alfonso Portillo suspected to have money in Luxembourg
- Luxembourgers most richest EU-citizens

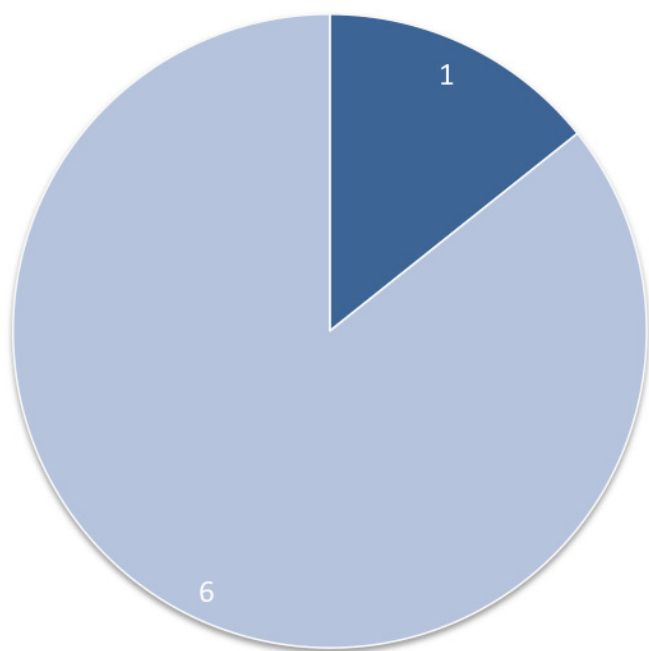
Germany



- Clearstream to cut 27 jobs
- Sal. Oppenheim to cut every second job in Luxembourg
- Luxembourgers most richest EU-citizens

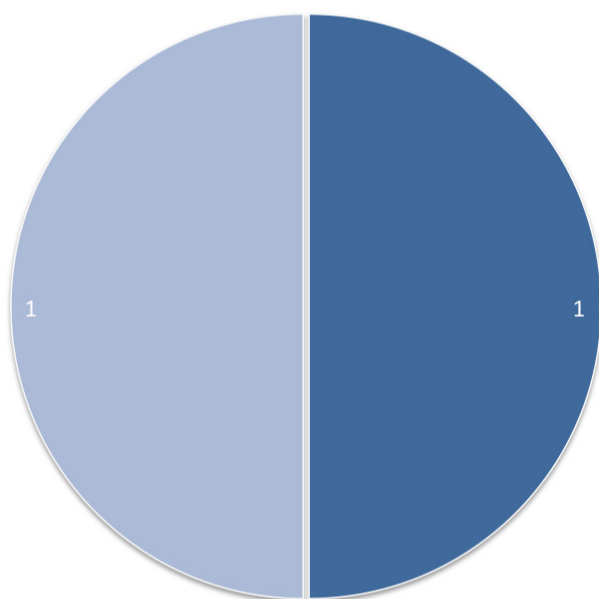
FINANCIAL CENTRE: COVERAGE BY COUNTRY (by number of articles)

Switzerland/Austria



- Sal. Oppenheim to cut every second job in Luxembourg
- Luxembourgers most richest EU-citizens

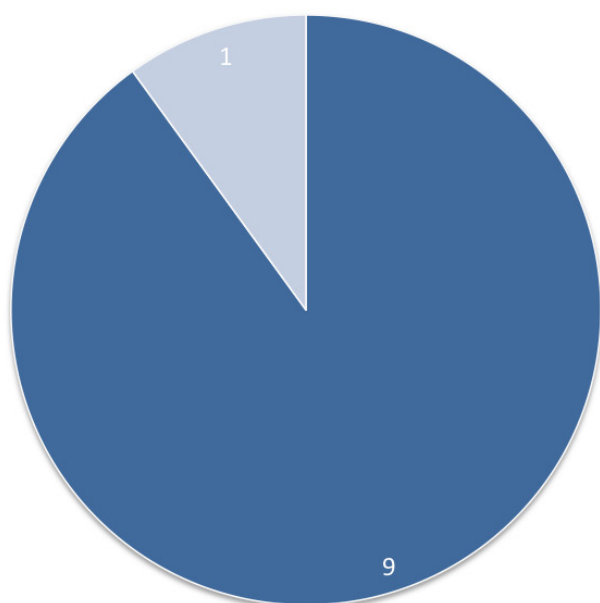
UK / US



- Guatemalan president Alfonso Portillo suspected to have moved to Luxembourg
- Zais Group to move Cayman firm to Luxembourg

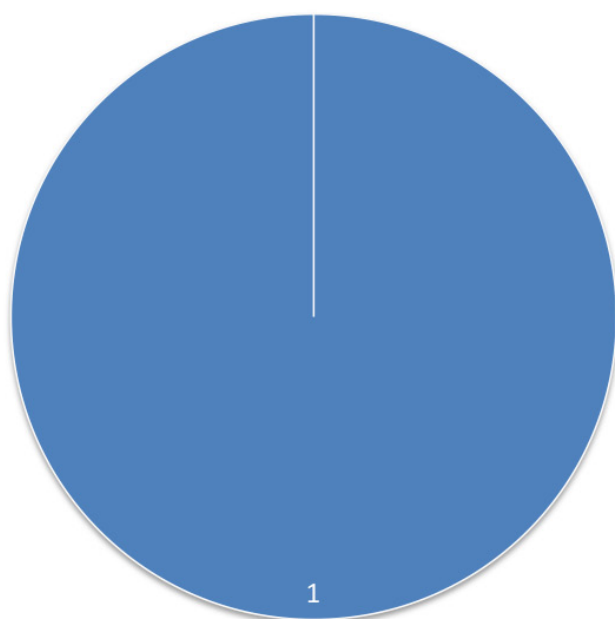
FINANCIAL CENTRE: COVERAGE BY COUNTRY (by number of articles)

France



- Karachigate: Luxembourg used as a hub for bribe money to finance Sarkozy election campaign?
- Luxembourgers most richest EU-citizens

Middle East



- LFF mission to Lebanon

STATEMENTS ABOUT LUXEMBOURG

	Name	Position	Organisation	Source	Date
Economy	Notnamed	Journalist	AFP	AFP	21/06/10
	Europe's wealth gap was laid bare on Monday in new data showing that Luxemburgers have on average seven times greater purchasing power than fellow EU members Bulgaria. Compared to a European average expressed as 100, the people of Luxembourg, a substantial private banking and finance centre, enjoy spending power pegged at 268 per cent of that average.				
Image	Ralph Atkins	Journalist	Financial Times	Financial Times Money Supply Blog	24/06/10
	Ever wondered what exactly Luxembourg did? The tiny Grand Duchy (population: about half a million), squeezed between Germany, Belgium and France is the largest source of foreign direct investment leaving the European Union, according to figures from Eurostat, the EU's statistical service. With investment outflows of €112bn last year, it accounted for 42 per cent of the EU total....Luxembourg was also the largest recipient of foreign direct investment inflows....The data highlight Luxembourg's role as a financial intermediary, with special purpose entities accounting for much of its foreign direct investment - no doubt attracted by the country's reputation as a tax haven.				
Regulation	Lauren Tara LaCapra	Journalist	The Street	The Street	23/06/10
	Before derivatives reform came close to being a "hot topic" in financial media circles, lawyers and traders and bankers and PR folks radiated a belief that no matter what happened with finreg they'd just take their business elsewhere if U.S. rules got too tough. They mentioned Luxembourg, the Caymans, Tokyo and other foreign hot spots as potential safe zones for derivatives arms to relocate and continue in business-as-usual fashion. Perhaps not anymore. Luxembourg is pissed off that it has to take care of its profligate, overleveraged neighbors. The Caymans are struggling from a serious downturn in the two industries that supported the little Caribbean island: tourism and financial services.				
Taxation	Jamil Khatri	Executive Director	KPMG India	CNBC	28/06/10
	Luxembourg says if you want to follow IFRS not only is it your choice but you need to come and get that agreed with the tax authorities upfront. So you have a advance ruling mechanism in a way whereby a company says, I have been following a particular set of standards (Luxembourg GAAP) in the past, I want to now move to IFRS and therefore get a buy-in from the tax authorities for that particular decision.				
	Edward H. Dougherty	Deloitte Tax LLP	Deloitte Tax LLP	FINalternatives	28/06/10
	As the major offshore fund centers grapple with the various U.S. rules designed to increase transparency and reporting, each has begun to focus on various tax issues as a way to attract and retain capital. For example, Ireland and Luxembourg offer investors access to their income tax treaty networks and perhaps a more robust regulatory regime than traditional tax havens. Both Ireland and Luxembourg have recently made it easier for offshore funds to redomicile to their country as a way to rapidly expand their base of funds. Fund managers considering such treaty access and regulatory oversight must balance these benefits with an increased cost of doing business. More traditional tax havens cannot offer treaty access per se, since they do not impose income taxes themselves, but they have generally entered into tax information exchange agreements which provide, at a minimum, the appearance of transparency.				

FINANCIAL CENTRES MONITORING

Luxembourg:

Nul Points for Luxembourg's Rivals

The Wall Street Journal, 22/06/10

<http://online.wsj.com/article/SB10001424052748704895204575320441710960242.html#articleTabs%3Dcomments>

Congratulations to Luxembourg. The Grand Duchy, to give it its official title, was relegated from the Eurovision Song Contest in 1993 and has yet to return but in the more important economic contest, Luxembourg is the outright winner. It is the only one of the 27 countries that make up the European Union that isn't flouting the rules and running a deficit of more than 3% of gross domestic product.

Last week Cyprus, Denmark and Finland were added to the European Union's list of offenders, each judged to be posing a potential threat to the wider European economy. Luxembourg, though, has been prudent. Once spurned by the song contest, it has refused to return without promises that its costs would be met. Now the European Union is intent on playing a more powerful role in ensuring that other member countries practise budgetary restraint. At last week's European Council meeting of leaders, an outline of a hefty new surveillance regime was agreed.

Zais to move Cayman funds to Lux

16/06/10, HFMweek

<http://www.hfmweek.com/news/571917/zais-to-move-cayman-funds-to-lux.shtml>

Zais Group, the New Jersey-based \$8bn distressed and illiquid credit manager, is moving around \$500m of assets held across three separate fund structures in the Cayman Islands to the European jurisdiction of Luxembourg, HFMWeek has discovered.

The fund manager will move all its funds with European investors away from the offshore Cayman Islands because of the encroaching regulation that will place restrictions on funds marketing to European investors. Zais's \$8bn is managed through around 20 different fund structures.

Luxembourg is becoming an increasingly popular destination with fund managers. Last week, HFMWeek reported that SkyBridge Capital was considering creating Luxembourg Sicav versions of two Cayman-based funds of hedge funds (FoHFs).

Germany:

Finanzstandortbericht 2010: Finanzstandort Deutschland bleibt unverzichtbarer Motor für Wachstum und Beschäftigung

Initiative Finanzstandort Deutschland, 24/06/10

http://www.finanzstandort.de/de/presseservice/aktuelle-pressemitteilung/news/Finanzstandortbericht_2010_Finanzstandort_Deutsch/

Der deutsche Finanzstandort wurde im letzten Jahr von zwei unterschiedlichen Entwicklungen geprägt: Normalisierung auf den Finanzmärkten auf der einen Seite, starker Einbruch der Wirtschaftsaktivitäten zu Beginn des Jahres auf der anderen. Dies erklärt auch die unterschiedliche Performance der einzelnen Bereiche des Finanzstandorts. Zu diesem Schluss kommt der sechste Finanzstandortbericht der Initiative Finanzstandort Deutschland (IFD) in seinem Marktüberblick.

FINANCIAL CENTRES MONITORING

Switzerland:

Experte: «100 Banken in der Schweiz verschwinden»

Berliner Zeitung, 28/06/10

<http://www.bernerzeitung.ch/wirtschaft/konjunktur/Experte-100-Banken-in-der-Schweiz-verschwinden/story/23327352>

Das Geschäft mit reichen Kunden wird sich in den nächsten Jahren dramatisch verändern. Um in der Vermögensverwaltung zu überleben braucht es bestimmte Voraussetzungen.

Trotz der Erosion des Bankgeheimnisses und des Aufstiegs von Konkurrenz-Finanzplätzen in Asien: Die Beratungsgesellschaft Boston Consulting Group (BCG) rechnet mit einem weiteren Wachstum der grenzüberschreitenden Vermögensverwaltung in der Schweiz. «Wir gehen davon aus, dass die Off-shore-Gelder in der Schweiz bis in fünf Jahren auf 2200 Milliarden Franken steigen werden», erklärt Matthias Naumann, Managing Partner in der Schweiz. Im vergangenen Jahr habe sich die Summe auf 2100 Milliarden Franken belaufen. Weltweit dürfte das Vermögenswachstum mit rund sechs Prozent pro Jahr allerdings wesentlich grösser ausfallen als in der Schweiz. Hauptgrund für den Rückstand der Schweiz sind die erwarteten Abnahmen bei den Vermögen aus Europa.

La place offshore suisse gère 2000 milliards

Le Temps, 28/06/10

http://www.letemps.ch/Page/Uuid/1e2a3818-822c-11df-96a2-bf9d5a2f4165/La_place_offshore_suisse_g%C3%A8re_2000_milliards

La place financière suisse gère 2000 milliards de dollars de fonds transfrontaliers (offshore), dont 980 milliards de fortunes européennes et 210 milliards asiatiques, selon Boston Consulting. Le offshore forme ainsi 66% des actifs suisses. La place de Singapour, souvent décrite comme rival majeur de la place suisse, est nettement plus modeste avec 500 milliards offshore.

Schweizer Bankensektor verliert Arbeitsplätze

NZZ Online, 18/06/10

http://www.nzz.ch/nachrichten/wirtschaft/aktuell/schweizer_bankensektor_verliert_arbeitsplaetze_1.6143415.html

Die Schweizer Banken haben laut der Nationalbank-Statistik 2009 beinahe 6000 Arbeitsplätze verloren. Die Ertragsentwicklung hielt mit dem Hypothekenwachstum bei weitem nicht Schritt.

Bankgeheimnis am Ende?

Basler Zeitung, 17/06/10

<http://bazonline.ch/schweiz/standard/Bankgeheimnis-am-Ende/story/27652770>

Die Meinungen über die richtige Strategie für den Schweizer Finanzplatz gehen weit auseinander. Drei Politiker und ein Buchautor haben am Dienstag in Zürich über diese Frage debattiert. Eine Zusammenfassung der Standpunkte.

FINANCIAL CENTRES MONITORING

UK:

UK Emergency Budget Released

taxation, 23/06/10

<http://www.taxationinfornews.com/2010/06/uk-emergency-budget-released/>

The UK Government has released its long-anticipated Emergency Budget, outlining several important changes to the national tax system, including increase to Value Added Tax (VAT), Capital Gains Tax (CGT), and a new Bank Tax.

On June 22nd the UK's Chancellor George Osborne presented the national Emergency Budget. The new Coalition Government's budget aims to bring the UK out of its current recession, and address the country's growing deficit and cut it to a neutral level.

City relieved to escape new bonus taxes

guardian.co.uk, 22/06/10

<http://www.guardian.co.uk/uk/2010/jun/22/bank-tax-budget-city-alarmed>

A less draconian than expected bank levy and a failure to clamp down on City bonuses provided a fillip to bank shares today even as the industry reacted with dismay to the £2bn annual bill for the new tax on their balance sheets

There were warnings that banks would try to recoup the cost of the annual levy by hiking loan rates to customers while Deutsche Bank analysts described George Osborne's emergency budget as "a good outcome for banks".

Union leaders were dismayed by the soft treatment of the City at a time when the public sector was being hit hard by the budget. "The bank levy is less than half the £5-8bn predicted – and is a fraction of City bonuses," said Brendan Barber, TUC general secretary.

Jenseits von Dubai

Financial Times Deutschland, 21/06/10

<http://www.ftd.de/finanzen/maerkte/marktberichte/:portfolio-jenseits-von-dubai/50131541.html>

Die Blase in Dubai war genauso schnell geplatzt, wie sie sich gefüllt hatte. Im Herbst 2009 schickte das Emirat seine Staatsholding Dubai World in die Restrukturierung - und den Aktienmarkt in den Keller. Bis Ende März erholte sich der Leitindex DFM General kräftig, seither sinken die Kurse aber wieder. "Inzwischen ist der Index wieder auf das Niveau gefallen, das im Dezember während der größten Panik herrschte - obwohl die wesentlichen Fragen rund um Dubais Schuldenprobleme inzwischen gelöst sind", sagt Fadi al-Said, Fondsmanager bei ING Investment Management.

Die Investoren misstrauen Dubai nach wie vor. Zu sehr hat sie schockiert, wie das einstige Vorzeige-Emirat mit seinen Gläubigern umgesprungen ist. Die Angst dagegen, dass die Schuldenkrise die gesamte Region infizieren könnte, ist gewichen. Während Dubais Börse seit Jahresbeginn 17 Prozent verloren hat, liegen die meisten anderen Aktienmärkte im Nahen Osten und in Nordafrika im Plus. Die Investmenthäuser nennen die Region kurz Mena: Middle East and North Africa. Einige Fonds, die sich auf diese Länder konzentrieren, haben seit Jahresbeginn in Euro gerechnet rund 20 Prozent zugelegt.

Singapore:

Singapore aims to be derivatives clearing hub

FT.com, 27/06/10

<http://www.ft.com/cms/s/0/ac659864-821a-11df-938f-00144feabdc0.html>

Singapore is pushing to become an Asian hub for derivatives clearing and to poach business from Europe and the US as regulation reshapes markets. Singapore is pushing to become an Asian hub for derivatives clearing and to poach business from Europe and the US as regulation reshapes markets. The Monetary Authority of Singapore is discussing ways of expanding the city-state's clearing capacity, possibly by allowing international derivatives clearing houses to compete with the two existing Singapore exchange clearers, according to financial sector executives.

FINANCIAL CENTRES MONITORING

Shanghai:

Goldman Says Shanghai in 2020 Will Mirror New York

Bloomberg Business Week, 22/06/10

<http://www.businessweek.com/news/2010-06-22/goldman-says-shanghai-in-2020-will-mirror-new-york-update1-.html>

Shanghai will have more than half of Asia's stock market liquidity in 2020 as China gradually moves to full currency convertibility and opens yuan-denominated A shares to foreign investors, Goldman Sachs Group Inc. said.

"As a financial centre, we expect Shanghai to develop more along the lines of the New York model -- that is, primarily dedicated to its domestic market -- rather than as a regional financial centre like London or Singapore," Goldman Sachs analysts Christopher Eoyang, Jason Lui and Sunil Koul said in a research report released today. "In many ways, we think Shanghai may partially emulate the development of Hong Kong during the 1980s and 1990s, when manufacturing was gradually replaced by higher value added services."

Shanghai currently accounts for 25 percent of the region's daily cash equity and futures turnover, the analysts wrote. The city will benefit "disproportionately" as China's financial markets grow deeper and more sophisticated, they said.

Bahrain:

Banking hub Bahrain faces grim outlook

ForexYard, 24/06/10

<http://www.forexyard.com/en/news/ANALYSIS-Banking-hub-Bahrain-faces-grim-outlook-2010-06-24T110805Z>

Bahrain needs to reinvent itself as a financial centre if it wants to return to growth and remain a destination for the region's oil wealth after the financial crisis clipped the wings of its investment houses.

Analysts say the only opportunity for the tiny island kingdom off Saudi Arabia lies in funding the large infrastructure projects planned in the Gulf region, but building up expertise will be a long, hard grind with uncertain outcome.

Bahrain shelled out new banking licences in particular to Islamic investment houses during a five-year regional oil and property boom that ended in 2008, with banks living on upfront fees on money raised for property and private equity projects.

Russia:

Moscow aims to become a global financial centre

BBC News, 24/06/10

<http://news.bbc.co.uk/2/hi/business/10391949.stm>

Moscow has long seen itself as an international cultural and historical hub. Now the Russian government wants to turn it into a global financial centre.

The initiative aims to make foreign investors feel welcome and to improve Russia's image among international companies.

"Our interest is obvious," Russian President Dmitry Medvedev told St Petersburg International Economic Forum last week.

"In order to modernise [our economy], we need a developed and globally competitive national financial system."