

RELEVANT NEWS FOR THE LUX FINANCIAL CENTRE

16 August:

German economy sharply expands by 2.2% in the second quarter. The sharp rise was driven predominantly by growth in exports.

The Association for Financial Markets in Europe (AFME) proposes that national regulators should have the power to force bondholders to accept a debt-for-equity swap in order to replenish the coffers of failing banks.

Düsseldorf district attorney sends questionnaire to 1500 Credit Suisse clients who have come clean about their Swiss bank accounts, asking them questions about how their accounts in Switzerland were set up.

13 August:

The European Central Bank says the euro zone will grow at very subdued rates for the next two years. Nevertheless, the ECB's quarterly survey of forecasters pegs euro-zone economic growth this year at just 1.1%. Forecasters see growth of 1.4% next year and 1.6% in 2012.

Slovakian parliament rejects taking part in EU aid package to Greece. The European Commission in Brussels reacted angrily to the news. "It is a breach of the commitment undertaken by Slovakia in the Eurogroup," Olli Rehn, the economics and monetary affairs commissioner, said in the wake of the vote.

12 August:

Hong Kong and Liechtenstein sign an agreement to avoid double taxation. The agreement is the city's 14th, including one with Luxembourg, to incorporate new transparency standards promoted by the Organization for Economic Cooperation and Development (OECD).

A study by the STATEC, the central service for statistics and economic studies shows that 80% of Luxembourg exports, in contrast to global tendencies, are composed of services, 50% of which are financial services. Luxembourg represents 15% of the world's export market for financial services and over 27% of that of the EU.

China orders its banks to put billions of dollars in repackaged loans back into their balance sheets. The move comes as banking regulators seek stricter oversight of lending and mandate "stress tests" to identify unchecked credit dangers.

11 August:

US Regulators urge Congress to make changes to financial overhaul law, in particular the requirement restricting the use of private credit ratings by federal agencies.

US regulators have increased their scrutiny of the country's largest banks in recent months, digging deeper into riskier activities and pushing institutions to conduct more rigorous "stress tests" of their financial health.

At least 36 of the 100-largest U.S. prime money-market funds reportedly had to be propped up in order to survive the financial crisis, according to a report from Moody's Investors Service. Moody's warned that mutual-fund companies might be less willing to bail out troubled money-market funds next time.

10 August:

US banking regulators move to replace the use of private credit ratings to assess the soundness of banks, while also expressing nervousness about the transition. Credit rating providers, such as Moody's and Standard & Poor's have faced stiff criticism for their role in the 2007-2009 financial crisis.

The EU argues about a potential tax to feed directly into European budget. While Luxembourg and Austria support the EU Commission's initiative, Germany and the UK are strictly opposed to it.

The UK Court of Appeal rules in the case of a trust created by Eurofinance SA that English courts could recognise overseas insolvency proceedings made by US courts. Lawyers say the decision could have implications for former UK clients of collapsed bank Lehman Brothers and those of the fraudster Bernard Madoff.

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9 August:

The chief executives of the six major banks in the UK have created a taskforce to address government concerns that they are not lending sufficient cash to businesses. The main objective of the taskforce is to boost the flow of cash to small and medium-sized businesses.

8 August:

According to Standard & Poor's the Islamic bond market has seen \$13.7 million of issues in the first semester of 2010. Twice as much as for the same period in 2009.

Swiss finance minister Hans-Rudolf Merz says he will step down in October. His resignation follows criticism from a parliamentary panel about his handling of UBS's problems during the financial crisis and from the Social Democrats over his role in the Libya hostage crisis. Merz suffered a heart attack in 2008.

The German federal state of Lower Saxony says that the stolen bank data CD it bought features more names of tax evaders than initially expected. 35000 instead of the initial 20000.

OECD criticises Austria as a being "corruption oasis". Media reports that secret funds of the late Austrian populist politician Joerg Haider may have been found in Liechtenstein have caused a stir in his homeland. There is speculation that Libyan President Moamer Gaddafi and former Iraqi leader Saddam Hussein were among the funders.

6 August:

Luxembourg draft law on the transposition of UCITS IV is submitted to parliament. The law is expected to pass by the end of the end of the year.

ECB Chairman Jean-Claude Trichet excludes the possibility of a double-dip scenario for the euro zone economy.

The US Internal Revenue Service plans to overhaul a unit devoted to scrutinizing large companies and wealthy individuals in a move to further crack down on international tax evasion.

Apex Fund Services opens an office in Luxembourg, with 10 UCITS and regulated SIF SICAV (Société d'Investissement À Capital Variable) funds. Apex Luxembourg has also been appointed as fund administrator for three fund platforms that provide fast and cost effective methods for establishing Luxembourg SICAV funds.

5 August:

According to TheCityUK net exports of the UK financial sector dropped by 17% to £41.8bn in 2009 while banks remain largest contributor at £25bn. Banks, securities dealers, fund managers and shipbrokers all experienced a drop in net exports while insurance reaches new highs.

4 August:

The Luxembourg Stock Exchange admits to trading a bond issue, backed by the state of Qatar, for a total amount issued of USD 3.5 billion. Proceeds from the issue will be used to finance real estate projects in Qatar, as part of a Shariah-compliant transaction of the murabaha type.

3 August:

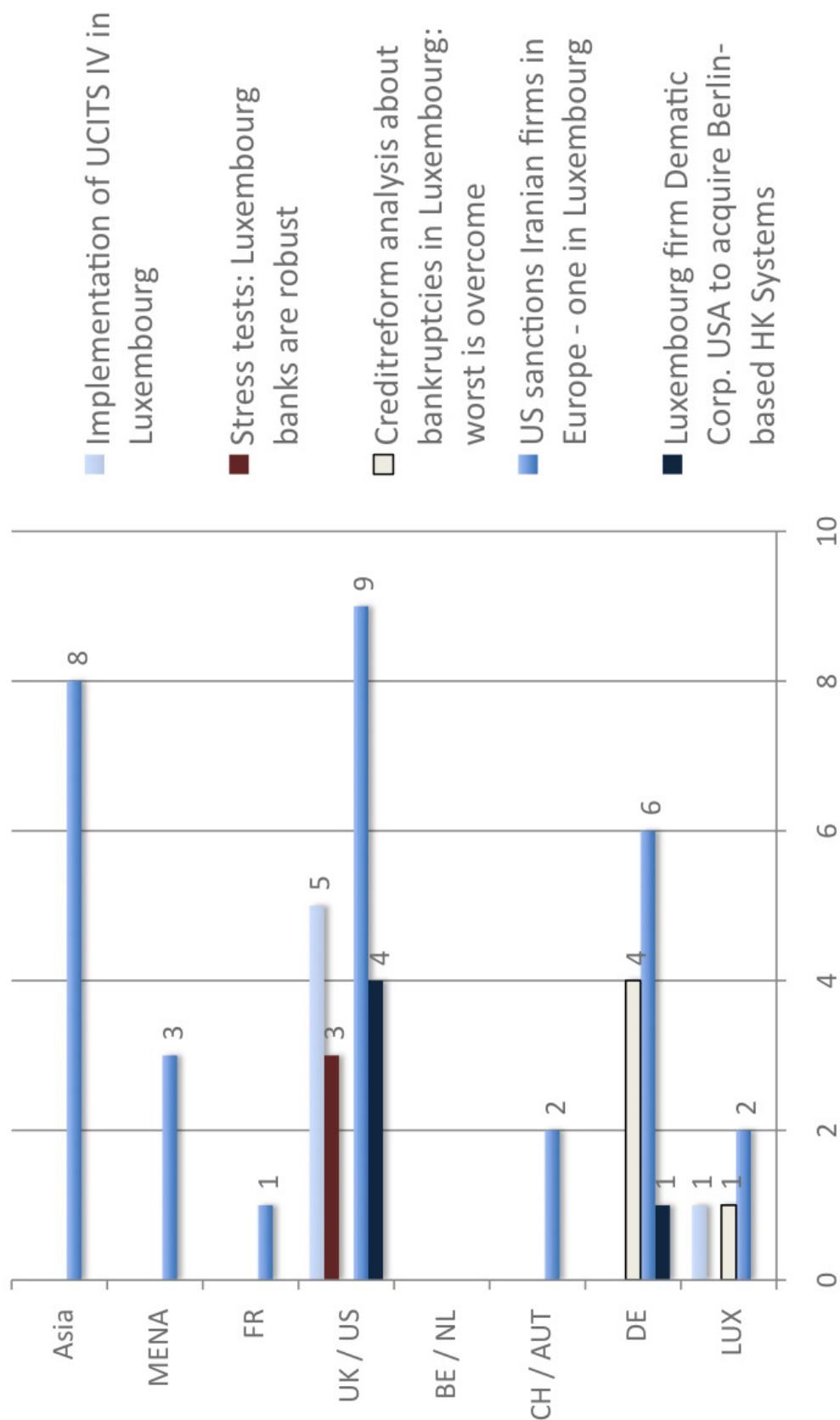
Luxembourg Prime Minister Jean-Claude Juncker unveils details of the key projects and priorities for 2010. The government's next priorities will be the presentation of the 2011 budget bill in October, and reform of both the country's health care and pension systems, as well as endeavoring to combat unemployment and inflation.

2 August:

The Italian Ministry of the Economy issues amendments to existing legislation: under the new rules, the details of transactions in goods and services from companies or individuals having an establishment, residence or domicile in Luxembourg, Switzerland or Liechtenstein will have to be forwarded electronically to the Italian Revenue Agency.

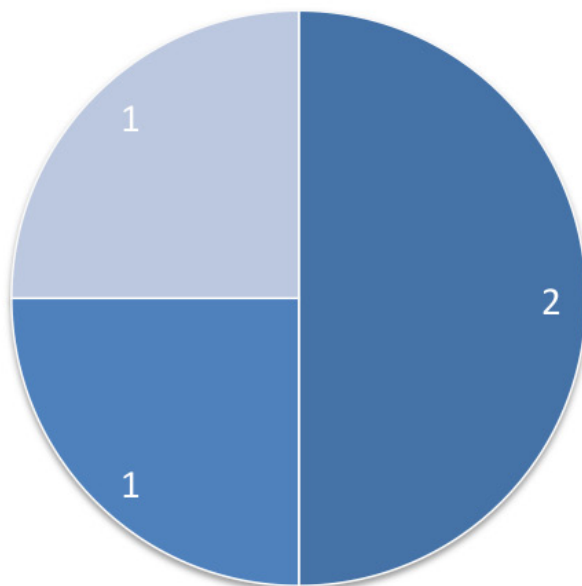
A coalition of businesses, regulators, accountants, securities exchanges and not-for-profit groups launch an initiative aimed at overhauling international company reporting, called the International Integrated Reporting Committee. Participants in the initiative include Nestlé, Aviva, EDF, HSBC, Tata and the Big Four auditors: PwC, Deloitte, Ernst & Young and KPMG.

FINANCIAL CENTRE: MEDIA COVERAGE (by number of articles)



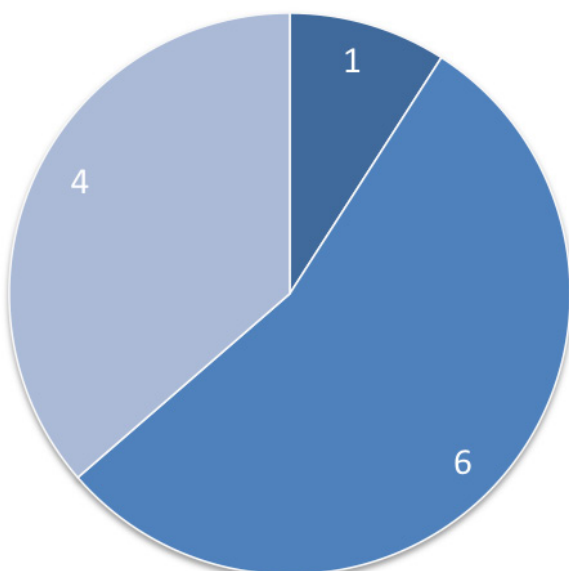
FINANCIAL CENTRE: COVERAGE BY COUNTRY (by number of articles)

LUX



- US sanctions Iranian firms in Europe - one in Luxembourg
- Creditreform analysis about bankruptcies in Luxembourg: worst is overcome
- Implementation of UCITS IV in Luxembourg

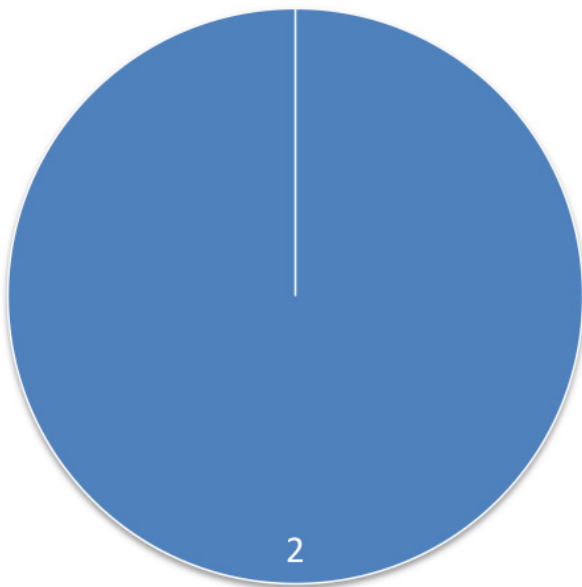
DE



- Luxembourg firm Dematic Corp. USA to acquire Berlin-based HK Systems
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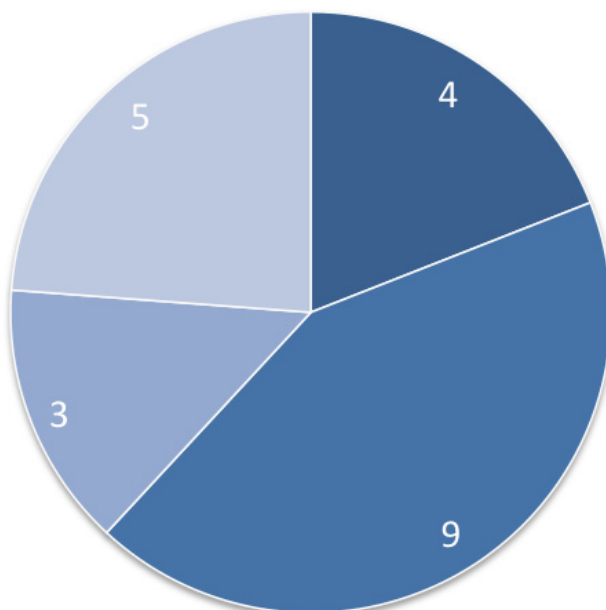
FINANCIAL CENTRE: COVERAGE BY COUNTRY (by number of articles)

CH / AUT



- US sanctions Iranian firms in Europe - one in Luxembourg

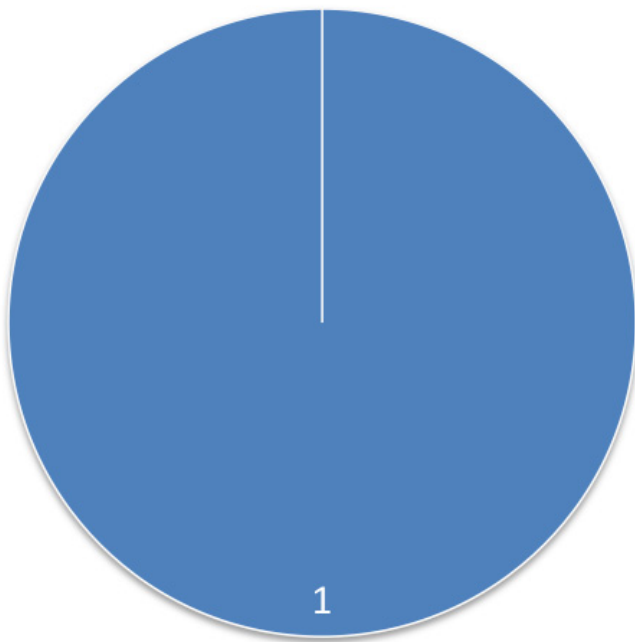
UK / US



- Luxembourg firm Dematic Corp. USA to acquire Berlin-based HK Systems
- US sanctions Iranian firms in Europe - one in Luxembourg
- Stress tests: Luxembourg banks are robust
- Implementation of UCITS IV in Luxembourg

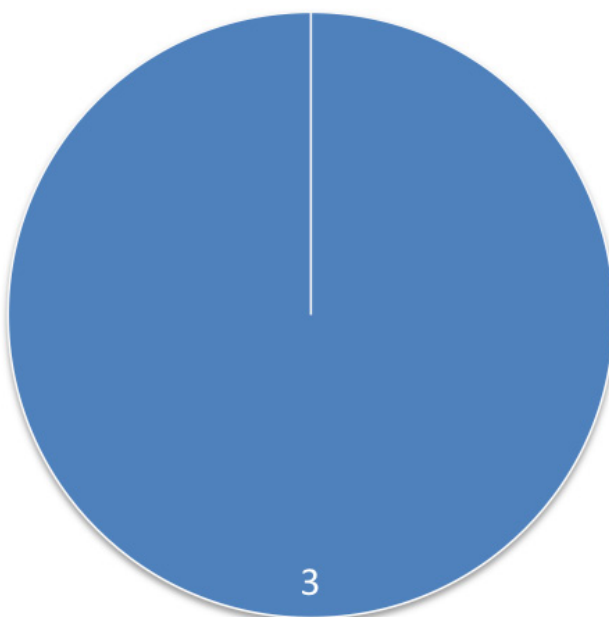
FINANCIAL CENTRE: COVERAGE BY COUNTRY (by number of articles)

FR



■ US sanctions Iranian firms in Europe - one in Luxembourg

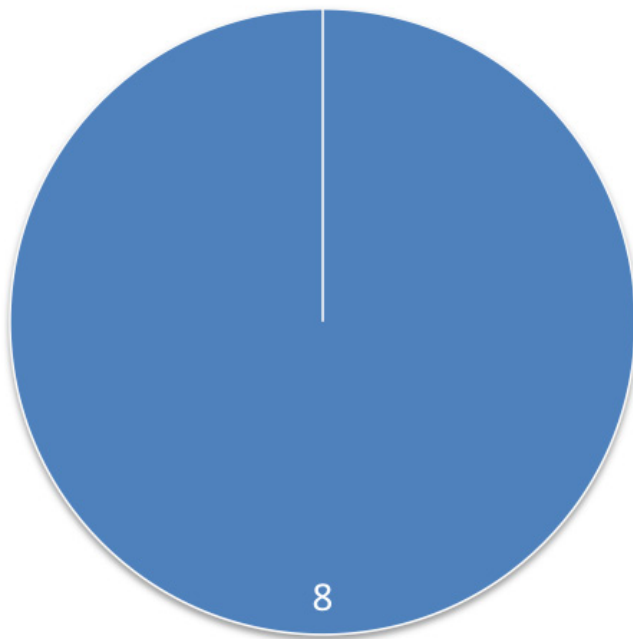
MENA



■ US sanctions Iranian firms in Europe - one in Luxembourg

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

Asia



■ US sanctions Iranian firms in Europe - one in Luxembourg

STATEMENTS ABOUT LUXEMBOURG

	Name	Position	Organisation	Source	Date
Competitiveness	Joachim Malter	General Manager	Vereinigung der Saarländischen Unternehmensverbände	Luxemburger Wort	15/08
	<p>Juncker hatte beim Pressebriefing vor der Sommerpause gesagt, Deutschland würde mit niedrigen Löhnen Profit auf Kosten anderer Länder machen und betont, dass in Luxemburg die Löhne viel stärker angestiegen seien als in dem Nachbarland. Der Hauptgeschäftsführer der Vereinigung der Saarländischen Unternehmensverbände (VSU), Joachim Malter, erklärte nun in einem Presseschreiben, dass diese Aussage eine „Täuschung der Öffentlichkeit“ darstelle. Die deutsche Wirtschaft würde mit technologisch erstklassigen Produkten und tollem Service weltweit Kunden gewinnen und halten. Das Geschäftsmodell Luxemburgs hingegen bestehe darin, sich als Finanzplatz zu positionieren. Beides sei legitim, hieß es weiter. Doch der eigentliche Erfolg der Finanzmetropole Luxemburg liege darin, dass man mit Niedrigsteuern auf Zinserträge und einem extrem hohen Datenschutz für Anleger einen Profit erziele, mit dem man den Staatshaushalt und die Sozialversicherungs-Systeme in Luxemburg mitfinanziere. Deshalb seien vor allem die Netto-Löhne in Luxemburg so viel günstiger als in Deutschland.</p>				
Fund Industry	Elizabeth Pfeuti	Journalist	Fianncial News	Fianncial News	02/08
	<p>Luxembourg gets ready to introduce Ucits IV. The Luxembourg Government approved a draft bill last month that would turn into law the fourth in the series of Undertakings for Collective Investment in Transferable Securities structures.</p>				
	Tamsin Meakin	Journalist	Hedge Funds Review	Hedge Funds Review	11/08
	<p>By far the most popular domicile of choice for Ucits FoHFs is Luxembourg due to its established infrastructure and expertise in the field. The majority of investors into the Ucits FoHFs come from the UK, Switzerland and Germany.</p>				
Islamic Finance	Jean-Yves Klein	Journalist	L'Echo	L'Echo	13/08
	<p>Le Royaume-Uni (1,5 million de musulmans) a ainsi accueilli le premier établissement européen répondant explicitement aux prescrits du Coran (pas d'usure ni d'investissements dans des secteurs "haram" comme l'armement, l'alcool ou la pornographie): l'Islamic Bank of Britain (IBB). L'Allemagne (3 millions de musulmans) a quant à elle octroyé une licence bancaire à une société turco-koweitienne alors que la France (6 millions de musulmans) a engagé les discussions pour pouvoir accueillir ce type d'activité. Quant au Luxembourg, il s'est très clairement profilé dans l'émission d'obligations islamiques depuis quelque temps. La Belgique, qui compte au moins 500.000 musulmans sur son territoire, reste frileuse.</p>				
	Jean-Yves Klein	Journalist	L'Echo	L'Echo	13/08
	<p>Un peut partout en Europe, Grande-Bretagne et Luxembourg en tête, la finance islamique acquiert ses lettres de noblesse.</p>				
Sanctions	Ashish Kumar Sen	Journalist	Washington Times	Washington Times	03/08
	<p>Treasury also tightened sanctions against 21 entities linked to Iran's banking, insurance and investment, mining and engineering industries. They are based in Japan, Germany, Italy, Belarus and Luxembourg, as well as Iran. The Iranian Transactions Regulations prohibit transactions between U.S. citizens and the government of Iran. Any assets the designees have under U.S. jurisdiction have been frozen.</p>				
Taxation	Richard L. Winston	Partner	K&L Gates	Latin Business Chronicle	30/07
	<p>The new tax blacklist for "privileged regimes" surprisingly contains a list of many popular European entities including, but not limited to, holding companies found in Spain, Malta, Denmark, and Luxembourg. Many of these investment vehicles were once thought to be safe from the attack of the Brazilian tax authorities. Some nonresident investors had even considered these international corporate vehicles as potential replacements for the U.S. LLC. At this point, all of these international investment vehicles are now similarly situated to the U.S. LLC.</p>				

FINANCIAL CENTRES MONITORING

Luxembourg:

Juncker says stress tests showed banks more robust than expected

Bloomberg Business Week, 03/08/10

<http://www.businessweek.com/news/2010-08-03/juncker-says-stress-tests-showed-banks-more-robust-than-expected.html>

Luxembourg's Jean-Claude Juncker, who leads the group of euro-area finance ministers, said the stress tests carried out on European banks demonstrated the robustness of the region's banking industry.

"The tests were carried out with great seriousness," Juncker told reporters in Luxembourg today. The stress tests "show that the European banking system is more robust than expected by many before the publication of the results."

UCITS IV set for year-end introduction

FINalternatives, 03/08/10

<http://www.finalternatives.com/node/13396>

The government of Luxembourg—the world's second-largest fund domicile—is set to adopt the fourth in the series of Undertakings for Collective Investment in Transferable Securities laws by the end of the year. The new version is set to take account of the proposed Alternative Investment Fund Managers Directive, which will impose new regulations on European hedge funds and private equity funds.

The new UCITS will go into effect some six months before the EU regulations, giving fund managers time to adapt, according to the Association of the Luxembourg Fund Industry.

"The Luxembourg authorities have taken a very proactive approach to the introduction of UCITS IV, including introducing new tax measures to remove uncertainties on the fiscal treatment of new UCITS IV freedoms such as master-feeder structures and the management company passport."

The latter provision is designed to allow fund managers based anywhere within the EU to run a UCITS-compliant fund from any other EU country.

Switzerland:

Zürcher kämpfen an der Weltspitze

Handelszeitung Online, 11/08/10

http://www.handelszeitung.ch/artikel/Finanz-Zuercher-kaempfen-an-der-Weltspitze_768894.html

Der grösste Bankenplatz in der Schweiz verändert sich stark. Zürich hat in den letzten Jahren im Vergleich zu Genf etwas an Terrain verloren. Im internationalen Wettbewerb wird sich der Bankenplatz künftig vermehrt gegen asiatische Zentren wie Singapur behaupten müssen.

Schweizer Banken ködern Asiens Millionäre

Wirtschafts Blatt, 30/07/10

http://www.wirtschaftsblatt.at/home/international/wirtschaftspolitik/schweizer-banken-koedern-asiens-millionaere-432373/index.do?_vl_backlink=/home/index.do&_vl_pos=9.1.DT

Angelockt vom wachsenden Wohlstand in Asien drängen die Schweizer Vermögensverwalter in die Region. Für die vom Druck der Steuerbehörden und der schleppenden Konjunktur in Europa gebeutelten Privatbanken soll der boomende Kontinent zum gelobten Land werden. Doch der Weg zu den Honigtöpfen ist nicht leicht: Die Konkurrenz um gutes Personal ist hart, und die Risiken sind größer als anderswo.

FINANCIAL CENTRES MONITORING

UK:

UK financial sector net exports 2010

TheCityUK, 02/08/10

<http://www.thecityuk.com/what-we-do/reports/articles/2010/august/uk-financial-sector-net-exports-2010.aspx>

The major contribution that financial services make to the UK's balance of payments is highlighted in TheCityUK's annual report UK Financial Sector Net Exports. The 2010 edition noted that net exports of the UK financial sector fell by 17% in 2009 to £41.8bn from the 2008 peak, but still exceeded any previous year. Insurance net exports bucked the general downturn reaching a record £8.3bn. Banks, securities dealers, fund managers and shipbrokers all experienced a drop in net exports.

Bahrain:

Bahrain's financial services sector grows 4% in Q1 2010

AMEinfo, 04/08/10

<http://www.ameinfo.com/239414.html>

Bahrain's financial services (FS) sector grew by 4% in the first quarter of 2010 - representing six% year-on-year growth - according to a report by the Kingdom's Central Informatics Organisation (CIO). The Bulletin of Quarterly National Accounts also reports that the Kingdom's insurance industry grew 5% in the first three months of 2010 - or 15% year-on-year.

India:

Long way for Mumbai to become global financial centre: Report

hindustantimes, 08/08/10

<http://www.hindustantimes.com/Long-way-for-Mumbai-to-become-global-financial-centre-Report/Article1-583838.aspx>

Mumbai is fast emerging as a key financial hub, but there is still a long way to go for the city to attain the scale to figure among global financial centres, a new report has said. It would be possibly only in the next decade when Mumbai's name can figure alongside the likes of London, New York and Singapore, according to a new report from global economic research firm DB Research, part of German banking giant Deutsche Bank.

The report said that traditional financial centres have lost market share and that of emerging markets has gone up after the global economic crisis that began in late 2008.

FINANCIAL CENTRES MONITORING

Singapore:

Hongkong und Singapur für deutsche Investoren steuerlich am attraktivsten - hohes Steuerbelastungsgefälle im asiatisch-pazifischen Raum

Zentrum für Europäische Wirtschaftsforschung GmbH, 04/08/10

http://www.zew.de/de/topthemen/meldung_show.php?LFDNR=1519&KATEGORIE=2

Hongkong und Singapur sind für deutsche Investoren aus steuerlicher Sicht besonders attraktiv. Auf ausländische Direktinvestitionen zahlen sie in diesen Ländern eine effektive Steuerbelastung von lediglich 11,8 Prozent in Hongkong und 17,3 Prozent in Singapur. Im Durchschnitt werden Investitionen eines deutschen Investors im asiatisch-pazifischen Raum, Indien und Russland jedoch höher belastet als Investitionen in Deutschland. Dies zeigt eine kürzlich veröffentlichte Studie von PricewaterhouseCoopers (PwC), Universität Mannheim, dem Zentrum für Europäische Wirtschaftsforschung (ZEW) und der University of Oxford. Sie untersucht die Steuerbelastung deutscher und US-amerikanischer Direktinvestitionen im asiatisch-pazifischen Raum, Indien und Russland.

Singapore targets Sukuk as Khazanah plans sale: Islamic Finance

Bloomberg Business, 02/08/10

Singapore is seeking to develop its Islamic finance market and attract investors as global growth in products that comply with Shariah law tops 20 percent annually.

Islamic services in the island republic are "small and still emerging" and reflect the overall trend, according to an e-mail statement on July 27 from the Monetary Authority of Singapore. "Greater depth and liquidity will in turn draw even more participants into using Islamic finance for their funding and investment needs. For the industry to grow further, we need more intermediaries, more products and more investors."

Singapore as an international financial centre

Monetary Authority of Singapore, Annual Report 2009/2010

http://www.mas.gov.sg/about_us/annual_reports/annual20092010/work_05.html

With the gradual recovery of global economies, Singapore's financial services sector saw year-on-year growth of 18% in the first quarter of 2010. The resilience of Singapore's financial sector can be attributed to our strong fundamentals: a well-respected regulatory and supervisory regime, a stable domestic economy, a pro-business operating environment and a highly competent financial sector workforce. While the global financial industry has gone through severe contraction as a result of the crisis, investors have remained bullish about growth opportunities in Asia. In this regard, it is important that Singapore continues to play a key role as an important gateway to Asia, facilitating capital and investment flows.