

Authorisations

Approval of programmes of operations

Types of application submitted for approval

- **Major trends**

A total of 42 applications for approval or extension of approval of programmes of operations were submitted to the CMF in 2001, compared with 20 in 1998, 41 in 1999 and 49 in 2000.

Of these, 13 were related to credit institution status and the remaining 29 to investment firm status.

Most of the applications from credit institutions were made pursuant to restructurings, whereas the formation of investment firms was motivated by the desire to be present in a particular business line and to develop differentiated products and services tailored to specific customer segments (institutions, corporates, individuals).

The powerful trend observed in 2000 – a large number of firms set up by investment service providers as subsidiaries to exploit the niche market for online broking – lost momentum in 2001, with only five new firms created in this business sector.

Other institutions already authorised as investment service providers chose to hive off part of their business previously handled by in-house departments, or still-dormant investment service activities, into special-purpose entities that would have investment-firm or credit institution status and be authorised as investment service providers.

Whereas it was easy in 2000 to identify the broad headings under which similar types of demand could be grouped, the applications examined in 2001 were relatively varied.

Nonetheless, 14 of the applications received in 2001 involved modifications to existing approvals, e.g. enlargement of a programme of operations to include one or more investment services/related services or financial instruments beyond those for which the authorisation was initially granted.

Furthermore, as in the previous year, 2001 confirmed that electronic trading platforms – known as alternative trading systems (ATS), electronic communication networks (ECN) and proprietary trading systems (PTS) – had become a feature of the financial landscape.

These systems operate on the principle of matching orders via an electronic platform. Although they carry on a business that is similar in some respects to that of regulated markets, they operate in France as investment firms, because the status of market undertaking is set aside for entities that manage regulated markets.

- **Analysis of applications for approval**

An analysis of applications to approve programme of operations reveals six types of applications for approval:

- Restructurings
- Provision of investment services using datacom and electronic media
- Expansion of existing business
- Plans to form new entities
- Substitution of a subsidiary for a branch
- Modification of existing authorisations.

Furthermore, the CMF declined to extend the programme of operations of one investment firm applicant.

Approval of applications pursuant to restructuring

Applications pursuant to restructuring took two different forms.

- **Merger of several entities into a new firm**

**CAISSE RÉGIONALE DE CRÉDIT AGRICOLE MUTUEL ALSACE VOSGES
CAISSE RÉGIONALE DE CRÉDIT AGRICOLE MUTUEL D'AQUITAINE
CAISSE RÉGIONALE DE CRÉDIT AGRICOLE MUTUEL NORMANDIE-SEINE**

Caisse Régionale de Crédit Agricole Mutuel Alsace Vosges was created from the merger of two regional banks: Crédit Agricole Mutuel d'Alsace and Crédit Agricole Mutuel des Vosges.

Caisse Régionale de Crédit Agricole Mutuel d'Aquitaine was created from the merger of three regional banks: Crédit Agricole Mutuel de la Gironde, Crédit Agricole Mutuel du Lot et Garonne, and Crédit Agricole Mutuel de la Gironde du Sud-Ouest.

Caisse Régionale de Crédit Agricole Mutuel Normandie-Seine was formed from the merger of two regional banks: Crédit Agricole Mutuel de l'Eure and Crédit Agricole Mutuel de la Haute-Normandie.

- **Mergers and partial business transfers**

COMPAGNIE FINANCIÈRE DU CRÉDIT MUTUEL

CMB/CMSO overhauled its legal and financial organisation, giving rise, *inter alia*, to the formation of a new entity called Compagnie Financière du Crédit Mutuel. The bulk of the activities (holding company, money-market and investment banking) of Compagnie Financière du Crédit Mutuel de Bretagne were transferred to the new entity, with the exception of the residual lending business (home savings).

JP MORGAN CHASE BANK

The US companies Morgan Guaranty Trust Company of New York and The Chase Manhattan Bank merged and simultaneously adopted the business name JP Morgan Chase Bank. In France, the merger resulted in the transfer to the Paris-based branch of The Chase Manhattan Bank, renamed JP Morgan Chase Bank (Succursale de Paris), of all the assets and liabilities of the Paris branch of Morgan Guaranty Trust Company of New York. The programme of operations of JP Morgan Chase Bank (Succursale de Paris) was approved.

- **Transfer of an investment service business carried on by a portfolio management company to a subsidiary created for the purpose**

Two COB-approved portfolio management companies decided to ring-fence their investment services other than asset management in a specially formed entity with investment firm status.

B2C FINANCE

B2C Finance - Bourse Call Center was set up to permit a portfolio management company based in Angers to hive off its "order transmission" business for advisory clients.

CHAMPEIL ET ASSOCIÉS

The founder and managers of a portfolio management company wanted to transfer their order reception-transmission business, previously carried on as an ancillary activity, to a special entity with investment firm status and to incorporate a third-party order execution business.

Authorisation to provide investment services using datacom and electronic media

A distinction must be made between online broking and electronic trading platforms.

- **On-line broking**

Five applications related to the formation of institutions providing investment services via advanced communications media, chiefly the Internet, were examined in 2001.

At the behest of individuals

BOURSOTRADING

The approval request for the programme of operations of Boursotrading, an applicant for investment firm status, arose from the wish of two individuals (who in 1996 founded Finance Net, which operates the Boursorama website) to take advantage of their experience in on-line dissemination of financial information in order to provide their customers with dedicated investment services.

At the behest of groups of investment service providers**CLICKOPTIONS**

The corporate purpose of ClickOptions, formed by Société Générale to hive off activities previously handled by its Equity and Index Derivatives Department, is the web-based marketing of OTC equity and index options to a client base composed entirely of retail investors.

FILINKS

CDC Ixis Capital Markets set up Filinks as part of a marketing strategy of offering products and services to a 100% professional client base.

Filinks operates as an electronic intermediary between suppliers of financial products and services (usually investment service providers) and distributors, most of which are investment service providers seeking to offer clients a broader range of financial services.

IPOCENTER

Led by Groupe Viel, the plan to form a company called IpoCenter, which ultimately failed to materialise, sought to establish a position in the sphere of initial public offerings (IPOs) by offering partners and individual investors a web-enabled distribution channel.

NABAB

Nabab was formed on the initiative of Société Générale, which wanted to acquire bank/investment service provider status for the firm and use it to offer option-based products to a retail client base via the Internet.

- **Electronic trading platforms**

Electronic trading platforms operate under investment firm status in France and provide third-party order reception, transmission, and execution services.

BLOCTRADE

The concept behind Bloctrade, which was set up by individuals, consists in organising auctions on blocks of financial instruments (listed or unlisted) for qualified investors through an electronic trading platform.

Although the CMF approved Bloctrade's programme of operations, the company does not currently operate under its investment firm status but in partnership with an investment service provider, Cyril Finance, which is duly authorised and has legal liability for trades dealt over the electronic platform.

EQUITY VILLAGE

Equity Village was formed by two individuals to offer a service, via an electronic platform, that allows professional investors to acquire equity stakes in companies whose securities are not admitted to trading on a regulated market.

POWERNEXT

The liberalisation of the European energy market, which ushered in competition for the supply and trading of electricity, encouraged the creation of a power exchange in France.

Powernext, a subsidiary of Euronext Paris, organises auction trading of standardised hourly contracts for the day-ahead delivery of electric power on the French grid, thus establishing a reference price. This will make it possible to subsequently develop electricity derivatives, which are widely used to hedge energy risk.

Authorisation to expand existing business

- **Existing business in investment services/related services**

ALCIS

Originally, Alcis carried on the business of order transmission/reception as the exclusive agent of an investment service provider, pursuant to Article 2.1.3 of the General Regulations, for institutional investors.

To reach a broader investor constituency, particularly in Europe, and to underpin the growth of its business, Alcis applied for investment firm status in order to carry on a broking business for third parties.

CAICG TENEUR DE COMPTE

In 2000, the CMF issued an approval that permitted CAICG Teneur de Compte to conduct the business of custody account-keeping through an agent. The approval was granted, exceptionally, under Article 6.2.2. paragraph 2¹ on the grounds that, since CAICG Teneur de Compte was majority controlled by an investment service provider, the status of credit institution or investment firm was not necessary.

In 2001, however, CAICG Teneur de Compte announced its intention of obtaining the status of investment service provider while continuing its custody-account keeping business.

¹ Article 6.2.2.

"The CMF may, however, authorize for this purpose any company under the majority control of one or more credit institutions or investment firms, as well as any legal person whose members or partners are jointly and severally liable without limitation for the debts and obligations of such entity, provided those members or partners are authorized to engage in the business of custody account-keeping."

SG COWEN EUROPE

As part of its global strategy, and to satisfy the regulatory pre-requirements for the provision of investment services, the Société Générale Group decided to seek investment firm status for SG Cowen Europe, which had previously supplied an investment service (order reception-transmission) in partnership with SG Securities (Paris) S.A.

- **Existing activity in a specialised department of an investment service provider**

Three companies were formed, and their programme of operations assessed, further to a strategy of creating a dedicated entity to handle a business previously carried on by a specialised department of an investment service provider. The businesses in question were the management of employee savings schemes, trading of financial instruments in the energy sphere, and broking for third parties.

CRÉDIT LYONNAIS EPARGNE ENTREPRISE

Crédit Lyonnais Epargne Entreprise was formed as part of the move to hive off Crédit Lyonnais' investment management businesses, which were contributed to Crédit Lyonnais Asset Management (CLAM), and to create subsidiaries inside the CLAM group that were specialised in different aspects of investment management and other closely related businesses.

Following the contribution of Crédit Lyonnais' employee savings management activity, Crédit Lyonnais Epargne Entreprise is in charge of administering the rights of the employees referred to in Article 443-5 of the Labour Code, by way of delegation to client companies. Further to this activity, the company receives and transmits orders for different types of financial instruments and offers specific banking services.

GAZELYS

The motive for the formation of Gazelys, presented as the logical outgrowth of a long-standing partnership between Gaz de France and Société Générale in the energy markets, was to create synergy between Gaz de France's expertise in natural gas and Société Générale's know-how in the trading of energy commodities and energy-related financial instruments.

NATEXIS ARBITRAGE

Natexis Arbitrage originated from Société pour la Promotion des Activités Financières (SPAFIN), a company formed in 1979 and a wholly owned subsidiary of Natexis Banques Populaires and now part of the Capital Markets branch of Groupe Natexis Banques Populaires.

SPAFIN's business, which consisted primarily in managing the Group's equity interests and investing cash funds in the equity markets, evolved to encompass arbitrage transactions. This constitutes an investment service and thus requires investment firm status.

Authorisation with a view to forming new entities

- **Pursuant to corporate group strategy**

CDC IXIS – E. DE ROTHSCHILD MIDCAPS

CDC-Ixis – E. de Rothschild MidCaps was created as a result of a move by the CDC group and Groupe La Compagnie Financière Edmond de Rothschild Banque to pool their know-how and expertise in a jointly owned entity in order to operate as an intermediary in the new-issues market (origination, arrangement, underwriting for IPOs and other securities issues, etc.) and the secondary market.

FUND-MARKET FRANCE

The formation of Fund-Market France and its request for approval as an investment firm stemmed from an initiative of Banque de Luxembourg and Crédit Industriel d'Alsace et de Lorraine (CIAL) to set up a combined financial advisory business and investment service in France, based on a concept originated by Banque de Luxembourg in 1999.

RAYMOND JAMES EURO EQUITIES

Raymond James Euro Equities, a new entity with investment firm status, was created in order to accommodate a European equity broking business in a legal structure separate from that of Raymond James International, an investment firm offering an institutional brokerage service in the North American markets.

RBC DOMINION SECURITIES FRANCE

RBC Dominion Securities France S.A.S., authorised as an investment firm to provide an order reception-transmission service for financial instruments, was set up in lieu of the representative office of the parent, RBC Dominion Securities Inc., opened in Paris in March 1963.

- **At the behest of individuals**

CALYX

Calyx planned to operate as a financial intermediary for professional investors, without taking positions in the markets.

Replacing a subsidiary by a branch

CURVALUE FRANCE

One application involved the conversion of the Paris-based branch of a UK investment firm, Curvalue UK Limited (a subsidiary of the Dutch firm Curvalue Beheer BV), into a firm organised under French law, Curvalue France – a wholly-owned subsidiary of Curvalue Beheer BV with investment firm status.

Modification of an existing approval

Fourteen of the approval applications submitted to the CMF in 2001 concerned the modification of an approval by extending a programme of operations, both for investment services/related services and for financial instruments.

Two cases – the investment firms Paresco Futures and Self Trade – involved the extension of the programme of operations to include own-account trading, with a view to offering retail clients the possibility of using Euronext's deferred-settlement service (SRD).

When the SRD was created, a centralised securities-lending market was set up at the same time so that professionals could obtain securities, either to ensure the smooth operation of the Paris markets' settlement systems or to refinance the cost of carrying overall long positions related to deferred settlement. Securities lending transactions will be effected by the market member in its own name and for its own-account.

- **Credit institution becoming an investment service provider**

Two credit institutions applied to become investment service providers in order to carry on new activities relating to the financial markets.

BRED GESTION
BANQUE CENTRALE DE COMPENSATION - CLEARNET

- **Extension of the programme of operations of a credit institution**

Extension to third-party order execution:

BANK OF TOKYO MITSUBISHI LIMITED (SUCCURSALE DE PARIS)
BANQUE PRIVÉE FIDEURAM WARGNY

Extension to underwriting and placement:

SGAM FINANCE

Extension to third-party order execution, own-account trading, underwriting and placement:

DEUTSCHE BANK

Extension to clearing:

BANQUE PRIVÉE FIDEURAM WARGNY
BNP PARIBAS SECURITIES SERVICES
DEUTSCHE BANK

- **Extension of the programme of operations of an investment firm**

Extension to third-party order execution and own-account trading:

LIDLAW INTERNATIONAL

Extension to order reception-transmission, third-party order execution, and underwriting:

ODDO OPTIONS

Extension to own-account trading:

PARESCO FUTURES (IN CONNECTION WITH THE DEFERRED-SETTLEMENT SERVICE)

SELF TRADE (IN CONNECTION WITH THE DEFERRED-SETTLEMENT SERVICE)

VIEL TRADITION

Extension to placement:

SOCIÉTÉ DE BOURSE GILBERT DUPONT

Extension to third-party order reception-transmission and own-account trading:

CARGILL INVESTORS SERVICES

Extension to clearing:

FINANCIÈRE D'UZÈS

Extension in respect of financial instruments:

ANTHIUM FINANCE

(extension to the financial instruments referred to in para. 1 of Article L. 211-1 – I of the Financial and Monetary Code)

Refusal to approve programmes of operations

Having regard to the legal considerations² that underpin its decision to approve a programme of operations, the CMF declined to approve the extension of the programme of operations of one investment firm in 2001.

² *The wording of Article L. 532-4 of the Financial and Monetary Code was amended twice:*

- *Article 10 of the New Economic Regulations Act of 15 May 2001 states that, to approve a programme of operations, the CMF (or the COB) assesses the quality of the programme in the light of "the managers' qualifications and integrity as well as the suitability of their experience to their functions":*

Under Article 27 item 12 of the Urgent Economic Reforms Act of 11 December 2001, the CMF approves programmes of operations in the light, also, of "the conditions in which the provider intends to supply the investment services concerned".

Investment services included in approved programmes of operations

Investment services are listed in Article L. 321-1 of the Financial and Monetary Code³ (formerly Article 4 of Act 96-597 of 2 July 1996).

The following analysis addresses only those services that are supervised by CMF and that have been the subject of an approval of a programme of operations (not the approval of an extension of a programme of operations).

Investment firms

Entity name	1)	2)	3)	5)	6)
ALCIS	X	X			
B2C FINANCE	X				
BLOCTRADE	X	X			
BOURSO TRADING	X				
CAICG TENEUR DE COMPTE	X				
CALYX	X	X	X		
CDC IXIS – E. DE ROTHSCHILD MIDCAPS	X		X	X	X
CHAMPEIL ET ASSOCIÉS	X	X			
CLICKOPTIONS	X	X	X		
CURVALUE FRANCE	X	X			
EQUITY VILLAGE	X	X			
FILINKS	X		X		X
FUND MARKET FRANCE	X				
GAZELYS		X	X		
IPOCENTER	X				X
NATEXIS ARBITRAGE	X	X	X		
POWERNEXT	X	X			
RAYMOND JAMES EURO EQUITIES	X				
RBC DOMINION SECURITIES FRANCE	X				
SG COWEN EUROPE	X				X

• Remarks

Of 20 investment firms:

Six limited their application to a single activity, namely receiving and transmitting orders for third parties.

No firm applied for approval for all investment services.

Only one firm included underwriting in its programme of operations.

³ Art. L. 321-1 of the Financial and Monetary Code:

"1. Receiving and transmitting orders for third parties;

2. Executing orders for third parties;

3. Trading for own account;

4. Portfolio management for third parties;

5. Underwriting;

6. Placement."

Credit institutions

Entity name	1)	2)	3)	5)	6)
BRED GESTION	X				
BANQUE CENTRALE DE COMPENSATION – CLEARNET		X	X		
COMPAGNIE FINANCIÈRE DU CRÉDIT MUTUEL	X	X	X	X	X
CRCAM ALSACE VOSGES	X	X	X	X	X
CRCAM D'AQUITAINE	X	X	X	X	X
CRCAM NORMANDIE – SEINE	X	X	X	X	X
CRÉDIT LYONNAIS EPARGNE ENTREPRISE	X				
JP MORGAN CHASE BANK	X				X
NABAB	X	X	X	X	X

- **Remarks**

Of 9 credit institutions:

Five applied for approval for all investment services.

Two limited their application to a single activity, viz. receiving and transmitting orders for third parties.

Financial instruments included in approved programmes of operations

Financial instruments are listed in Article L. 211-1 of the Financial and Monetary Code⁴ (formerly Article 1 of Act 96-597 of 2 July 1996).

As was the case for investment services hereabove, institutions applying for an adjustment of their programmes of operations are not included in this section.

⁴ Art. L. 211-1 – I of the Financial and Monetary Code

"1. Shares and other securities that afford or may afford direct or indirect access to equity or voting rights, transferable by book entry or by physical delivery;

2. Debt securities transferable by book entry or by delivery, each representing a claim on the legal person which issues it, other than trade bills and bons de caisse;

3. Units or shares in collective investment undertakings;

4. Financial futures, and, for purposes of this Act, all instruments equivalent to the foregoing issued under foreign laws."

Investment firms

Entity name	1)	2)	3)	4)
ALCIS	X	X		
B2C FINANCE	X	X	X	X
BLOCTRADE	X	X		
BOURSO TRADING	X	X	X	X
CAICG TENEUR DE COMPTE	X	X	X	X
CALYX	X	X	X	X
CDC IXIS – E. DE ROTHSCHILD MIDCAPS	X			
CHAMPEIL ET ASSOCIÉS	X	X		
CLICKOPTIONS				X
CURVALUE FRANCE	X	X		X
EQUITY VILLAGE	X	X		
FILINKS	X	X	X	
FUND MARKET FRANCE	X	X	X	
GAZELYS				X
IPOCENTER	X	X	X	X
NATEXIS ARBITRAGE	X	X		X
POWERNEXT				X
RAYMOND JAMES EURO EQUITIES	X	X	X	X
RBC DOMINION SECURITIES FRANCE	X	X	X	X
SG COWEN EUROPE	X	X		X

- **Comments**

Of 20 investment firms:

Seven requested approval for all financial instruments.

Four applied for a single category of financial instruments, of which two for derivatives only.

Credit institutions

Entity name	1)	2)	3)	4)
BRED GESTION	X	X	X	X
BANQUE CENTRALE DE COMPENSATION	X	X	X	X
COMPAGNIE FINANCIÈRE DU CRÉDIT MUTUEL	X	X	X	X
CRCAM ALSACE VOSGES	X	X	X	X
CRCAM D'AQUITAINE	X	X	X	X
CRCAM NORMANDIE-SEINE	X	X	X	X
CRÉDIT LYONNAIS ÉPARGNE ENTREPRISE	X	X	X	X
JP MORGAN CHASE BANK	X	X	X	X
NABAB	X	X	X	X

- **Remarks**

Of 9 credit institutions:

All nine requested approval for all financial instruments.

Authorisations to operate as custody account-keeper

In 2001, the CMF issued 14 authorisations – the same number as in 2000 – for custody account-keeping, of which 12 to credit institutions and 2 to investment firms.

Eight applications, highlighted below, were examined concurrently with the applicant's programme of operations. They were all submitted by applicants for credit institution status.

Credit institutions

BANK OF TOKYO MITSUBISHI LIMITED (SUCCURSALE DE PARIS)
BANQUE COMMERCIALE POUR LE MARCHÉ DE L'ENTREPRISE
BANQUE HYPOTHÉCAIRE EUROPÉENNE
BRED GESTION
COMPAGNIE DE FINANCEMENT FONCIER
COMPAGNIE FINANCIÈRE DU CRÉDIT MUTUEL
CRCAM ALSACE VOSGES
CRCAM D'AQUITAINE
CRCAM NORMANDIE-SEINE
CRÉDIT LYONNAIS ÉPARGNE ENTREPRISE
JP MORGAN CHASE BANK
NABAB

Investment firms

CONSORIS FRANCE
NATEXIS CAPITAL MARCHÉS PRIMAIRES

European passport

Use of the European passport in another member state of the European economic area (EEA)

- **Notifications of right of establishment**

In 2001, the CMF gave a favourable response to 12 notifications of right of establishment (compared with 13 in 2000 and 8 in 1999) filed by 8 French investment service providers: 6 credit institutions and 2 investment firms.

The notification concerned 6 EEA member states:

Belgium	2
Italy	3
Netherlands	1
Spain	1
Sweden	1
United Kingdom	4

Three categories of reasons motivated the filing of a notification.

- **New operating methods for existing businesses**

Three institutions wished to transfer businesses previously carried on by subsidiaries, local branches or representative offices to another branch.

BNP PARIBAS PRIVATE BANK in the United Kingdom
BNP PARIBAS SECURITIES SERVICES in Italy and the United Kingdom
NATEXIS BANQUES POPULAIRES in Spain

- **Establishing an initial presence**

Six companies expressed the desire to set up new operations, either to offer customers the possibility of trading directly in European markets or to broaden a business line:

NATEXIS BANQUES POPULAIRES IN ITALY
BNP PARIBAS PRIVATE BANK IN BELGIUM
JULIUS BAER IN SWEDEN
VÉGA FINANCE IN ITALY
SYGMA BANQUE IN THE UNITED KINGDOM
CARAX IN THE UNITED KINGDOM

- **Providing investment services within existing bank branches**

BANQUE CENTRALE DE COMPENSATION - CLEARNET
IN BELGIUM AND THE NETHERLANDS

When the programme of operations of Banque Centrale de Compensation - Clearnet was extended to include the provision of investment services, the company simultaneously gave notification of right of establishment in order to supply the same services in bank branches in Belgium and the Netherlands.

It should be noted that only one investment service provider chose to become a member of a regulated market of the country in which the branch was formed:

JULIUS BAER in Sweden, member of the Stockholm stock exchange.

Declarations of freedom to provide services

In 2001, the CMF was informed of 125 declarations of freedom to provide services (compared with 165 in 1999 and 180 in 2000) from 22 French investment service providers:

5 credit institutions:

CRÉDIT AGRICOLE INDOSUEZ
EXANE FINANCE
FIMAT
NABAB
SGAM FINANCE

17 investment firms:

BLOCTRADE
CLICKOPTIONS
CURVALUE FRANCE
DIRECT FINANCE
DU PASQUIER & CIE (FRANCE)
EUROLAND FINANCE MARKET
FINANCE FI
GAZELYS
GEORGET COURTAGE EUROPÉEN
GLOBAL EQUITIES
INSTINET
MERCURY CAPITAL MARKETS
NATEXIS CAPITAL
NATEXIS CAPITAL MARCHÉS PRIMAIRES
ODDO OPTIONS
POWERNEXT
SG COWEN EUROPE

The 125 declarations involved all EEA member states with the exception of Iceland

Austria	5
Belgium	16
Denmark	5
Finland	5
Germany	14
Greece	2
Ireland	5
Italy	11
Liechtenstein	1
Luxembourg	12
Netherlands	12
Norway	4
Portugal	6
Spain	10
Sweden	6
United Kingdom	11

- **Declaration concurrent with a request for authorisation**

Seven entities (compared with nine in 2000) filed a declaration of freedom to provide services at the same time as applying for authorisation as an investment firm or credit institution providing investment services

In such cases, the CMF assesses whether the investment services to be provided under the freedom to provide services are consistent with those included in the request for authorisation, on the understanding that the declaration of freedom to provide services will not take effect until the CECEI has issued its authorisation.

2 credit institutions:

NABAB
SGAM FINANCE

5 investment firms:

BLOCTRADE
CLICKOPTIONS
ODDO OPTIONS
POWERNEXT
SG COWEN EUROPE

Use of European passport in France

- **Notification of right of establishment**

In 2001, the CMF was informed of 13 notifications of right of establishment (compared with 10 in 1999 and 15 in 2000) filed by investment service providers authorised to operate in an EEA member state:

2 credit institutions:

H.B.M. BANK
UNICRÉDIT BANCA MOBILIARE

11 investment firms:

CAZENOVE & CO
CAZENOVE & CO LIMITED
EQUITY CAPITAL NETWORK LIMITED
FOR SECURITIES LIMITED
FRIEDMAN BILLINGS RAMSEY INTERNATIONAL LIMITED
HAWKPOINT PARTNERS LIMITED
ING DIRECT NV
JP MORGAN SECURITIES LIMITED
LEHMAN BROTHERS INTERNATIONAL (EUROPE)
MORGAN STANLEY & CO INTERNATIONAL LIMITED
WESTLB PANMURE LIMITED

The 13 notifications involved 4 member states:

Belgium:	1
Italy:	1
Netherlands:	1
United Kingdom:	10

In addition to the desire to establish a permanent presence in France - a feature of most notifications - four remarks are germane:

- **Replacing a subsidiary by a branch**

Four investment firms, one from the Netherlands and three from the UK, decided to set up a branch in France to replace an existing subsidiary or branch:

CAZENOVE & CO LIMITED
ING DIRECT NV
JP MORGAN SECURITIES LIMITED
MORGAN STANLEY INTERNATIONAL LIMITED

- **Dual operations facility in France**

Eight investment service providers that already operate directly under the freedom to provide services announced their intention to establish a branch, stipulating that the notifications of right of establishment were not necessarily intended to replace the previously declared freedom to provide services.

CAZENOVE & CO
CAZENOVE & CO LIMITED
FOR SECURITIES LIMITED
FRIEDMAN BILLINGS RAMSEY INTERNATIONAL LIMITED
HAWKPOINT PARTNERS LIMITED
LEHMAN BROTHERS INTERNATIONAL (EUROPE)
MORGAN STANLEY & CO INTERNATIONAL LIMITED
WESTLB PANMURE LIMITED

- **Obtaining a specific status in France**

One notification of right of establishment, from an Italian credit institution, was made with the intention of obtaining primary dealership status for French government securities.

UNICRÉDIT BANCA MOBILIARE

Declarations of freedom to provide services

In 2001, the CMF was informed of 187 declarations of freedom to provide services (compared with 136 in 1999 and 134 in 2000) from investment service providers in an EEA member state:

- 38 credit institutions
- 149 investment firms

The 187 declarations involved 14 EEA member states:

Austria	7
Belgium	3
Denmark	2
Finland	1
Germany	3
Greece	6
Ireland	6
Italy	4
Luxembourg	6
Netherlands	57
Norway	3
Spain	3
Sweden	2
United Kingdom	84

Compared with the previous year, three remarks are germane:

- the number of declarations made by UK firms is almost identical (84 in 2001 versus 88 in 2000);
- Denmark, Finland and Greece were represented in 2001, in contrast with Portugal, for which no declaration was received;
- a total of 57 declarations were received from Dutch firms compared with 3 in 2000.

The Euronext passport

A simplified procedure for using the European passport⁵, the so-called "Euronext Passport" was introduced by the regulators of the three founder exchanges for credit institutions and investment firms which, as members of a Euronext market, become remote members of the other two exchanges.

Declarations made under this procedure are forwarded to the CMF by the secretariat of the CECEI.

⁵ A special system will apply to financial intermediaries that do not hold the European passport (providers approved by the CMF under Article 44-1-b of the Financial Activity Modernisation Act, locals, etc.). The system, called "proxy passport", is based directly on the principles of the Directive, e.g. sharing of jurisdiction between home-country and host-country authorities. In France, the CMF is responsible for implementing the passport proxy.

In the event that a Belgian, Dutch or French intermediary wishes to extend the Euronext Passport either to the provision of investment services other than own-account trading or third-party trading or to solicitation of clients on the other exchanges, the standard European passport procedure will apply.

- **Declarations of freedom to provide services from Belgian investment service providers that are members of Euronext Brussels and that became members of Euronext Paris in 2001**

6 credit institutions

BANQUE DELEN & DE SCHAETZEN S.A.
BANQUE DEWAAY S.A.
DEXIA BANQUE S.A.
DIERICKX, LEYS, & CIE EFFECTENBANK S.A.
REALBANK S.A.
VAN DE PUT & C^o BANQUE DE TITRES S.C.A

9 investment firms

CAPITAL@WORK S.A.
LEO STEVENS & CIE
MEGA INVEST MANAGEMENT S.A.
MELICE & CIE S.A.
PDM SECURITIES S.A.
PH & Y DE COSTER S.P.R.L.
PIRE & CIE S.A.
RONFLETTE & CIE S.P.R.L.
VMS - KEYTRADE.COM S.A.

- **Declarations of freedom to provide services from French investment service providers that are members of Euronext Paris and that became members of Euronext Brussels and Euronext Amsterdam in 2001:**

1 credit institution

CYRIL FINANCE

9 investment firms

ENSKILDA SECURITIES
ETC
EUROPÉENNE D'INTERMÉDIATION FINANCIÈRE ET BOURSIÈRE (EIFB)
FORTIS SECURITIES FRANCE
KBC SECURITIES FRANCE
MIA
NATEXIS CAPITAL
NATEXIS CAPITAL MARCHÉS PRIMAIRES
REFCO SECURITIES

Authorisations as members of regulated markets

Pursuant to Article 421-8-1 du Financial and Monetary Code (formerly Article 44 I b of the Financial Activity Modernisation Act), the CMF decides whether to grant authorisation to become members of regulated markets to persons who do not have the status of investment service providers.

These authorisations concern, on the one hand, individuals or legal entities trading for their own account on MATIF or MONEP (known as NCPs), and on the other hand foreign members that do not have the European passport. The latter become members of one or more Paris markets either through Globex Alliance, which to date comprises MATIF, MONEP, the Chicago Mercantile Exchange (CME) and the Singapore Monetary Exchange (SIMEX), or through agreements between market authorities.

In 2001, the CMF issued 9 authorisations to NCPs and 4 authorisations to remote members.

Family name	First name	CMF decisions	Company
Remote members: <i>Globex Alliance</i>	N/A	05/12/2001	Merrill Lynch Pierce Fenner & Smith
Remote members <i>Agreements between market authorities</i>	N/A	25/07/2001	DRW INVESTMENTS (UK) LTD
	N/A	25/07/2001	GRINSTONE INVESTMENTS B.V.
	N/A	25/07/2001	I.M.C. International Marketmakers Combination B.V.
NCPs			
MORQUAND	Stéphane	24/01/2001	(Merchant)
GRIGY	John	28/02/2001	EURL JOHN-JOHN FINANCE
GRANTE	Nicolas	21/03/2001	SARL TEN FINANCE
LEGRAND	Alain	25/04/2001	BELLONA FUTURE SARL
POLIZZI	Nicolas	06/06/2001	EUROBIZ SARL
FAVIER	Jérôme	06/06/2001	EUROFINANCE ASSOCIES EURL
GUERENNEUR	Régis	10/10/2001	ODYSSEE FINANCE SARL
COMMON	Emmanuel	05/12/2001	COMMON FINANCE & BUSINESS
DULAU	Laurent	05/12/2001	(Merchant)