

COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER

Ref.: OPC.04/7606-AD/KF

Luxembourg, 27 July 2004

ALFI

To the attention of Mr. Robert Hoffmann and
Mr. Thierry Blondeau

B.P. 206

L-2012 Luxembourg

Dear Sirs,

We refer to your letter dated 8 April 2004, in which you provided us with your interpretation of Part II of the CSSF Circular 02/77, and to the meeting held in our offices on 9 June 2004 with Mrs Lebbe, Mr. Loehr and Mr. Blondeau.

In this regard, we noticed that the objective of the aforementioned circular was achieved, resulting in better quality service by the different service providers, an increased awareness of their responsibilities and improved control mechanisms. As a result please be informed that we do not object to the proposed interpretation of Part II of the aforementioned circular.

Therefore, we consider that in the event of non compliance with investment restrictions, the following principles have to be applied:

- the UCI must always be indemnified for losses resulting from selling the unauthorised investment or the excess position of this investment or the expenses attributable to the unauthorised portion of the borrowing, whatever the impact of the breach; no tolerance threshold may be applied to these situations;
- if the realised loss shows that the material impact on the NAV exceeds the materiality threshold outlined in CSSF Circular 02/77, the NAVs must be re-computed for all the breach period and the UCI as well as its investors, which may have suffered a loss, must be compensated accordingly.

Yours sincerely,

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER



Simone DELCOURT

Premier Conseiller de Direction



Jean-Nicolas SCHAUS

Directeur Général