

**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**FINANSINSPEKTIONEN, SWEDEN**  
**AND**  
**SECURITIES AND FUTURES COMMISSION, HONG KONG**

1. INTRODUCTION

The Finansinspektionen, Sweden ("FI") and the Securities and Futures Commission, Hong Kong ("SFC") (hereafter refer as "the Authorities"), recognizing the increasingly international activity between the financial markets and financial services sectors of Sweden and Hong Kong and the corresponding need to establish and foster cooperation between the Authorities responsible for regulating their respective financial markets and services for the protection of investors and preservation of market integrity, have reached the following understanding.

2. FUNCTIONS OF EACH AUTHORITY

(a) Finansinspektionen, Sweden ("FI")

Finansinspektionen is the Swedish supervisory authority for financial markets, regulating the insurance market, the credit market and the securities market. The role of Finansinspektionen as a government authority is to grant licences, exercise supervision and issue regulations and general guidelines for financial activities.

Insider investigations and market manipulation investigations is another important role of Finansinspektionen. The Securities Market Department is responsible for supervising the securities market. Apart from trading as such and functions on the market, this supervisory responsibility also includes inter alia securities exchanges, and clearing organisations, fund management companies, investment firms and the securities business carried out by banks and also branches within the EEA-area.

(b) Securities and Futures Commission, Hong Kong ("SFC")

The SFC is the Commission established by the Securities and Futures Commission Ordinance to regulate securities and futures markets and leveraged foreign exchange trading in Hong Kong. The functions of the SFC include administering securities, futures and leveraged foreign exchange trading legislation for the protection of investors and maintenance of the integrity of the markets; administering all relevant requirements to ensure full disclosure to and fair treatment of public shareholders and investors; supervising and monitoring the activities of the Exchange Companies and clearing houses of Hong Kong to ensure that they discharge their responsibilities in a professional and impartial manner; regulating dealers, leveraged foreign exchange traders, investment advisers and other registered persons; and encouraging the development of securities and futures markets in Hong Kong and the increased use of such markets by investors in Hong Kong and elsewhere.

3. GENERAL PRINCIPLES

- (a) This Memorandum sets forth a statement of intent of the Authorities to establish a framework for mutual assistance and to facilitate the exchange of information between the Authorities to enforce or secure compliance with the laws and regulatory requirements of their respective jurisdictions;
- (b) This Memorandum does not create any legally enforceable rights nor impose any legally binding obligations. This Memorandum does not modify or supersede any laws or regulatory requirements in force in, or applying to, Sweden or Hong Kong. It

does not affect any arrangements under other Memoranda to which either Authority may be a party; and

- (c) The Authorities recognize the need for and desirability of providing mutual assistance and the exchange of information to assist each other in securing compliance with their respective laws or regulatory requirements. A request for assistance may be denied, however, by the requested Authority -
  - (i) where the request would require the requested Authority to act in a manner that would violate its laws;
  - (ii) where the request is not made in accordance with the provisions of this Memorandum; or
  - (iii) on the grounds of public interest.

#### 4. SCOPE

Through the machinery set up by this Memorandum, the Authorities hereby agree to promote mutual assistance and the exchange of information so that the Authorities may effectively perform their respective duties according to law.

Under the foregoing general theme, the scope of this Memorandum will include the following:

- (a) supervising and monitoring the securities and futures markets, leveraged foreign exchange trading, their clearing and settlement activities, ensuring compliance with the relevant laws and regulatory requirements;
- (b) enforcement of the laws and regulatory requirements relating to dealing in, arranging deals in, managing and advising on securities, futures contracts, and other investment products;

- (c) enforcement of the laws and regulatory requirements relating to leveraged foreign exchange trading;
- (d) promoting and securing the fitness and properness of dealers, investment advisers, leveraged foreign exchange traders and other financial market practitioners, promoting high standards of fair dealing and integrity in their conduct of business;
- (e) enforcement of the laws and regulatory requirements relating to insider dealing, market manipulation and other fraudulent practices in relation to listed companies, securities, futures contracts, and other investment products;
- (f) ensuring compliance by issuers of and offerors for securities, and directors, officers, shareholders and professional advisers of all companies listed, or applying for listing, on the securities markets of either Sweden or Hong Kong, with any duties under any relevant laws and regulatory requirements and any obligation to make full, accurate and immediate disclosure of information relevant to investors;
- (g) enforcement of the laws and regulatory requirements relating to takeovers and mergers and share repurchases;
- (h) the disclosure of interest in the securities of companies;
- (i) breaches of companies legislation; and
- (j) any other matters agreed upon by the Authorities.

## 5. REQUESTS FOR INFORMATION OR ASSISTANCE

- (a) Requests for information or assistance will be made in writing in English. In urgent cases, requests may be in summary form to be followed by a full request as soon as

possible. The full request will be signed by one of the contact persons set out in Appendix A.

- (b) Requests for information or assistance will specify the following:
  - (i) a general description of the information sought by the requested Authority (including the identity of person, etc.);
  - (ii) the purpose for which the information is sought;
  - (iii) a general description of the nature of the case and the conduct or suspected conduct which gives rise to the request;
  - (iv) the link between the specified laws or regulatory requirements and the regulatory function of the requesting Authority;
  - (v) the relevance of the requested information to the specified laws or regulatory requirements;
  - (vi) in the case of the obtaining of testimony from a person, whether it is likely that criminal proceedings will be brought against that person; and
  - (vii) the desired time period for the reply.
- (c) Assistance available pursuant to this Memorandum includes but is not limited to -
  - (i) providing access to information in the files of the requested Authority; and
  - (ii) obtaining information and documents from companies under supervision by the Authorities.

## 6. EXECUTION OF REQUESTS FOR ASSISTANCE

- (a) Each request will be addressed by the requested Authority to determine whether information can be provided under the terms of this Memorandum. In any case where the request cannot be accepted completely, the requested Authority will consider whether part of the information or assistance requested may be provided or whether there may be any other relevant assistance or information which might be provided.
- (b) The requested Authority may, as a condition of agreeing that assistance is given under this Memorandum, require the requesting Authority to make a contribution to costs. Such a contribution may, in particular, be required where the cost of a request is substantial or where a substantial imbalance has arisen in the cumulative costs incurred.
- (c) Any documents or other materials provided under this Memorandum and any copies thereof must be returned on request, to the extent permitted by law.

## 7. UNSOLICITED INFORMATION

Where one Authority has information which will assist the other Authority in the performance of its regulatory functions, including any relevant information that is discovered which gives rise to a suspicion of a breach, or anticipated breach, of the laws or regulatory requirements of the other Authority, the former may provide such information, or arrange such information to be provided, to the extent permitted by law, on a voluntary basis even though no request has been made by the other Authority. The terms and conditions of this Memorandum will apply if the providing Authority specifies that the information is passed under the Memorandum.

## 8. CONFIDENTIALITY AND USE OF INFORMATION

- (a) Assistance or information will be provided by an Authority only for the purposes of assisting the other Authority to this Memorandum in the performance of its regulatory functions. Any assistance or information provided under this Memorandum should be used by the recipient only for the purposes of performing its regulatory functions and should not be disclosed to any third parties, without the prior consent of the requested Authority. Each Authority will establish and maintain such safeguards as are necessary and appropriate to protect the confidentiality of such information.
- (b) When the requesting Authority discloses information to another person, the requesting Authority will obtain an undertaking from the other person that it will maintain the confidentiality of the information, except when disclosure is required pursuant to a legally enforceable demand.
- (c) If either Authority becomes aware that information passed under this Memorandum may be subject to a legally enforceable demand to disclose, it will, to the extent permitted by law, inform the other Authority of the situation. The Authorities will then discuss and determine the appropriate course of action.

## 9. CONSULTATIONS

- (a) The Authorities will consult in the event of any uncertainty over the meaning of any terms used in this Memorandum;
- (b) The Authorities may consult informally, at any time, about a request or proposed request;
- (c) The Authorities may consult and revise the terms of this Memorandum in the event of a substantial change in laws and regulations, practices, conditions or any other matter affecting its operations; and

(d) The Authorities may agree on such practical measures as may be necessary to facilitate the implementation of this Memorandum.

10. CONTACT PERSONS

All communications between the Authorities should be between the principal points of contacts as set out in Appendix A unless otherwise agreed. Appendix A may be amended by the relevant Authority upon written notice to the other Authority.

11. TERMINATION

Cooperation in accordance with this Memorandum will continue until the expiration of 30 days after either Authority gives written notice to the other Authority of its intention to discontinue the cooperation. If either Authority gives such notice, cooperation in accordance with this Memorandum will continue with respect to all requests for assistance that were made before the effective date of notification until the requesting Authority terminates the matter for which the assistance was requested.

12. ENTRY INTO EFFECT

This Memorandum will come into operation from the date of signature by the FI and the SFC.

SIGNED this 12th September 1998 in Nairobi, Kenya.

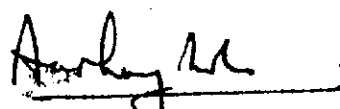
FINANSINSPEKTIONEN, SWEDEN



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Mr Claes Norgren  
Director-General

SECURITIES AND FUTURES  
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Anthony Neoh  
Chairman