

MEMORANDUM OF UNDERSTANDING

United Kingdom

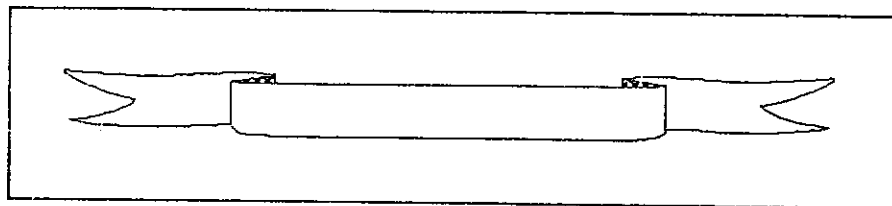
Hong Kong

The Treasury

Securities & Futures
Commission

Securities & Investments
Board

London
28th October 1992



Memorandum of Understanding between The Treasury and the Securities & Investments Board of the United Kingdom and the Securities and Futures Commission of Hong Kong

Introduction

1. The Commissioners of Her Majesty's Treasury (the Treasury) and the Securities and Investments Board on the one hand, and the Securities and Futures Commission on the other (the signatories), recognising the increasing international activity in the securities, futures and options markets and the corresponding need for mutual cooperation between the relevant national authorities, have reached the following understanding.

Principles

2. The signatories will use their best endeavours to meet the terms of the Memorandum of Understanding (MoU). The MoU does not modify or supersede any laws or regulatory requirements in force in, or applying to, the United Kingdom or Hong Kong. The MoU does not create any rights enforceable by third parties. The MoU does not affect any arrangements under other MoUs.
3. The purpose of the MoU is to enhance the protection of investors and to promote the integrity of the securities, futures and options markets by providing a framework for cooperation, increased mutual understanding and the exchange of information, to the extent permitted by the laws and practices of the United Kingdom and Hong Kong.
4. To the extent permitted by applicable laws and practices, each signatory will use reasonable efforts to ensure that the other signatories are provided with any relevant information discovered which gives rise to a suspicion of a breach, or anticipated breach, of the laws or regulatory requirements in the other territory.

Scope

5. The signatories propose to ensure that mutual assistance is provided by the exchange of information in relation to the following areas:
 - (a)
 - (i) market manipulation and other deceptive, fraudulent and manipulative practices in relation to companies, securities, futures contracts, options and collective investment schemes;
 - (ii) insider dealing
 - (b) regulation of investment business, including:
 - (i) enforcement of the laws and regulatory requirements relating to dealing in, arranging deals in, managing and advising on securities, futures contracts, options and collective investment schemes;
 - (ii) promoting and securing the fitness and properness of persons authorised or registered to conduct investment business and promoting high standards of fair dealing and integrity in their carrying on of that business.
 - (c) the disclosure of interests in the securities of companies;
 - (d) the duties of issuers of and offerors for securities to make full and fair disclosure of information relevant to investors.

Requests

6. The signatories may consult at any time, about a request or proposed request.
7. Requests will be made in writing. In urgent cases, requests may be in summary form to be followed within 10 days by a full request.
8. Requests will specify:
 - (a) the information requested (including the identity of persons, etc);
 - (b) the purpose for which the information is sought (including details of the laws or regulatory requirements pertaining to the matter which is the subject of the request);
 - (c) a description of the conduct or suspected conduct which gives rise to the request;
 - (d) the link between the specified laws or regulatory requirements and the regulatory function of the requesting signatory;
 - (e) the relevance of the requested information to the specified laws or regulatory requirements;
 - (f) to whom, if anyone, onward disclosure of information is likely to be necessary and, in relation to onward disclosure to an agency or body which is neither designated for this purpose and listed in Annex B nor subsequently designated by mutual written agreement under paragraph 16(a), the reason for such disclosure.

9. Any document or other material provided under the MoU and any copies thereof must be returned on request, to the extent permitted by law.
10. The signatories may provide information, or arrange for information to be provided, on a voluntary basis even though no request has been made and the terms and conditions of this MoU will apply if the providing signatory specifies that the information is passed under the MoU.
11. Each request will be assessed by the requested signatory to determine whether information can be provided under the terms of the MoU. In any case where the request cannot be accepted completely, the requested signatory will consider whether there may be any relevant information which can be given.
12. In deciding whether to accept or decline a request the following considerations may, in particular, be taken into account:
 - (a) whether the request relates to the breach of laws or regulatory requirements which have no close parallel in the territory of the requested signatory;
 - (b) whether broadly equivalent assistance would be available from the territory of the requesting signatory;
 - (c) whether the request involves an assertion of jurisdiction not recognised by the territory of the requested signatory;
 - (d) whether it would be contrary to the public interest to give the assistance sought.

13. The requested signatory may, as a condition of ensuring that assistance is provided under the MoU, require the requesting signatory 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.

Confidentiality

14. Each signatory will keep confidential to the extent permitted by law:

(a) any request for information made under the MoU and any matters arising in the course of its operation unless disclosure is necessary to carry out the request or the requesting signatory waives such confidentiality;

(b) any information passed under the MoU unless it is disclosed in furtherance of a purpose set out in paragraph 15 below pursued by a signatory or a recipient identified in paragraph 16 below.

15. Information passed under the MoU will be used, either by a signatory or a recipient identified in paragraph 16 below, solely for one or more of the following purposes:

(a) securing compliance with or enforcement of the laws or regulatory requirements in relation to which the information was provided by initiating or assisting in criminal prosecution arising out of the breach of such laws or requirements;

- (b) conducting or assisting in civil proceedings, arising out of the breach of the laws or regulatory requirements in relation to which the information was provided, and brought by the signatories or other law enforcement or regulatory bodies within the United Kingdom or Hong Kong;
- (c) taking regulatory action or imposing regulatory requirements within the areas set out in paragraph 5 above.

16. Information passed under the MoU may not be disclosed, except to a signatory, unless:

- (a) the recipient is listed in Annex B or has otherwise been designated by mutual written agreement of all the signatories; or
- (b) (i) the recipient has responsibility for prosecuting, or enforcing laws or regulatory requirements falling within the areas set out in paragraph 5 above;
- (ii) the provider has confirmed that it has no objections to the recipient being so informed; and
- (iii) adequate confidentiality provisions are in place to avoid the information being disclosed by the recipient for a purpose other than one for which it was provided.

17. Annex B may be updated after consultation between all the signatories.

18. If a signatory becomes aware that information passed under the MoU has been or is likely to be disclosed otherwise than is contemplated by paragraph 16 above, it will inform the other signatories of the situation.

Termination

19. The MoU will continue to have effect unless terminated by any one of the signatories by giving 30 days' advance written notice to the other signatories that the understanding set out herein is no longer to have effect.

Contact Points

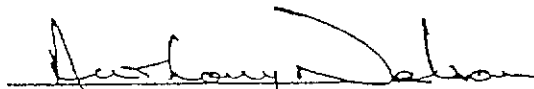
20. All communications between signatories should be between the principal points of contact unless otherwise agreed.
21. The Head of Division 1, Securities and Investment Services Group, is the principal point of contact in the Treasury.
22. The Group Director, Compliance and Enforcement, is the principal point of contact in the Securities and Investments Board.
23. The Executive Director, Enforcement, is the principal point of contact in the Securities and Futures Commission, Hong Kong.
24. Addresses for contact points are given in Annex A.

Entry Into Effect

25. This MoU will be effective from the date of its signature by the Treasury, the Securities and Investments Board and the Securities and Futures Commission.

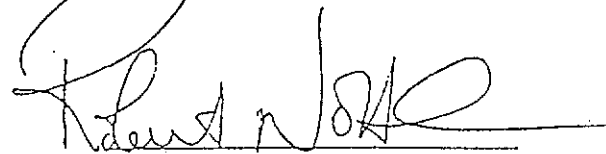
SIGNED THIS 28th DAY OF OCTOBER 1992

THE TREASURY



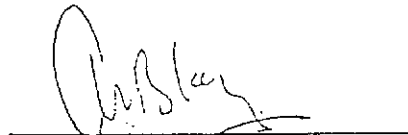
Anthony Nelson
Economic Secretary

SECURITIES AND FUTURES
COMMISSION



Robert Nottle
Chairman

SECURITIES AND
INVESTMENTS BOARD



Andrew Large
Chairman

ANNEX B

The following agencies and bodies are hereby designated under paragraph 16(a) of this MoU:

In the UK:

- Department of Trade and Industry and its Inspectors
- The Securities and Futures Authority Limited
- Investment Management Regulatory Organisation Limited
- The Financial Intermediaries Managers and Brokers Regulatory Association
- Lautro Limited
- London Stock Exchange
- Bank of England
- The Police Forces of Great Britain and Northern Ireland
- Serious Fraud Office
- Crown Prosecution Service

In Hong Kong:

- Financial Secretary
- Company inspectors appointed by the Financial Secretary
- Commissioner of Banking
- Independent Commission Against Corruption
- Royal Hong Kong Police Force
- Attorney General
- Stock Exchange of Hong Kong Ltd
- Hong Kong Futures Exchange Ltd
- Insider Dealing Tribunal