

LETTER OF INTENT

SRI LANKA

**Securities and Exchange
Commission**

**HONG KONG SPECIAL
ADMINISTRATIVE
REGION
OF THE PEOPLE'S
REPUBLIC OF CHINA**

**Securities and Futures
Commission**

**Colombo, Sri Lanka
6th April 2005**

LETTER OF INTENT

Whereas the Securities and Exchange Commission of Sri Lanka (“SEC”), established pursuant to the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 and amended by Acts Nos. 26 of 1991 and 18 of 2003,

And

the Securities and Futures Commission of the Hong Kong Special Administrative Region of the People’s Republic of China (“SFC”), a statutory corporation established pursuant to the repealed Securities and Futures Commission Ordinance (Cap. 24) and continued in existence pursuant to the Securities and Futures Ordinance (Cap. 571),

(each referred to as an “authority” and together as the “authorities”),

are responsible for administering the law governing the securities and capital markets, regulating collective investments schemes and fund management activities as well as facilitating and encouraging market development in their respective jurisdictions;

And

are members of the International Organization of Securities Commissions (“IOSCO”) to which the IOSCO Objectives and Principles of Securities Regulation apply;

And whereas

The authorities wish to facilitate the development of deeper and broader investment markets in both jurisdictions and attain closer regulatory co-operation in a mutually beneficial manner;

IT IS HEREBY DECLARED THAT

The authorities have entered into this Letter of Intent the objective of which is to state their common intention to work towards the attainment of the following goals:-

1. Harmonization of the regulatory framework under their respective regimes in the areas of the regulation, supervision and marketing of investment products;
2. Mutual recognition and establishment of cross-border trading of mutually acceptable investment products that are regulated by each respective authority;
3. Further strengthening of regulatory co-operation and assistance between the authorities in matters pertaining to cross-border supervision of fund management activities;
4. The desire to provide one another with the mutual assistance necessary to facilitate the performance of the duties and functions with which each authority is entrusted within its jurisdiction to enforce or secure compliance with its laws and regulations;
5. Maintaining the confidentiality of any request made by one authority to the other, the content of such request, and matters that may arise from the consultation between the authorities for the purpose of facilitating mutual recognition of investment products;
6. Periodic exchange of views with one another about matters of common concern with a view to further improving mutual understanding and co-operation between the authorities;
7. Establishing a bilateral working group comprising staff of the authorities to work together with a view to attaining these goals. It is generally intended that such co-operation will be in accordance with the spirit of the IOSCO;
8. The scope of work and conditions pertaining to the above can be varied by mutual consent of the authorities.

This Letter of Intent will come into effect on the date specified below. Each authority may withdraw from the Letter of Intent at any time by giving 30 days prior written notice to the other authority.

In witness whereof the authorized representatives of the authorities signify their understanding by signing below.

Dated this 6th day of April 2005
in Colombo, Sri Lanka.

On behalf of the SEC

Dr. Dayanath C. Jayasuriya

Chairman

On behalf of the SFC

Mr. Andrew Sheng

Chairman