

**MEMORANDUM OF UNDERSTANDING ON THE EXCHANGE OF
INFORMATION BETWEEN THE CHINA SECURITIES
REGULATORY COMMISSION AND THE NETHERLANDS
AUTHORITY FOR THE FINANCIAL MARKETS**

INTRODUCTION

1. The China Securities Regulatory Commission (hereinafter referred to as “CSRC”) was established with the approval of the State Council of the People’s Republic of China as the authority in charge of regulating the national securities and futures market in China.
2. The Netherlands Authority for the Financial Markets (hereinafter referred to as “Authority-FM”) is the supervisory authority for the securities trade.
3. In this Memorandum of Understanding (hereinafter referred to as “MOU”), “Authorities” in China and the Netherlands mean the CSRC and the Authority-FM respectively.
4. The CSRC and the Authority-FM, recognizing the increasing international activities in the securities, futures and other related investment products markets and the corresponding need for mutual cooperation between the relevant authorities have, after friendly consultation, reached the following understanding.

I. PRINCIPLES

1. The purpose of this MOU is to promote investor protection and integrity of the securities, futures and other related investment products markets by providing a framework for cooperation, including channels of communication, increasing mutual understanding and exchange of regulatory and technical information.

2. This MOU serves as a basis of cooperation for the Authorities and does not create any binding international legal obligations, nor does it modify or supersede any laws, regulations or regulatory requirements in force in or applying to China and the Netherlands. The MOU does not create any rights enforceable by third parties, nor does it affect any arrangements under other MOU's.
3. The performance of the provisions of this MOU shall be consistent with domestic laws, regulations and conventions of the respective countries of the Authorities and within the availability of respective resources of the Authorities, and shall not be contrary to the public interests of the country of the requested Authority.
4. To the extent permitted by its domestic laws and regulations, each Authority will use reasonable efforts to provide the other Authority with any relevant information that is discovered which gives rise to a breach, or anticipated breach of the regulatory requirements or laws in the securities, futures and other related investment products markets administered by the other Authority.

II. SCOPE

The Authorities agree to promote mutual assistance and the exchange of information to assist them to perform their respective functions in relation to the following areas:

- a) The duties of issuers and offerors of securities to make full and fair disclosure of information relevant to investors;
- b) The enforcement of the laws and rules relating to issuing of, dealing in, arranging deals in, managing and advising on securities, futures and other investment products;
- c) Promoting and securing the fitness and properness of brokers/dealers and advisers in securities, futures and other investment product markets, and promoting high standards of fair dealing and integrity in the conduct of business of these institutions and professionals;
- d) Supervising and monitoring the trading, clearing and settlement, and other activities of securities, futures and other investment products markets, and their compliance with relevant laws and regulations;

- e) Detecting market manipulation, insider trading and other deceptive and fraudulent practices concerning securities issuing and trading, the activities of listed companies, and trading of futures contracts, options and other investment products;
- f) Technical cooperation and assistance;
- g) Other matters agreed upon by the Authorities.

III. REQUESTS AND EXECUTION

1. Requests will be made in writing in the English language and addressed to the contact persons listed in Appendix A. In urgent cases, requests may be made in summary form to be followed within 10 business days by a full request.
2. Requests should specify:
 - a) the information requested;
 - b) a description of the conduct or suspected conduct which gives rise to the request;
 - c) 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);
 - d) the link between the specified laws or regulations and the regulatory functions of the requesting Authority;
 - e) the persons or entities suspected by the requesting Authority to possess the information sought, or the place where such information may be obtained, if the requesting Authority is knowledgeable thereof;
 - f) to whom, if anyone, to the extent permitted by the provisions of Chapter II, onward disclosure of information is likely to be necessary and the reason for such disclosure;
 - g) the desired time period for the reply;
 - h) If any Authority intends to use or disclose information furnished under this MOU for any purpose other than those stated in this article and in the

request, it must obtain the prior consent of the Authority which provided the information. If the Requested Authority consents to the use of the information for purposes other than those stated, it may subject it to certain conditions.

3. The requested Authority will deal with the request in a reasonable time.
4. Each request will be assessed by the requested Authority to determine whether information can be provided under the terms of this MOU. In any case where the request cannot be accepted completely, the requested Authority will consider whether there may be any relevant information which can be given.
5. In deciding whether to accept or decline a request, the requested Authority will consider:
 - a) whether the request relates to the breach of laws or regulations which falls within the scope of the requested Authority;
 - b) whether broadly equivalent assistance would be available from the requesting Authority;
 - c) whether the request involves an assertion of a jurisdiction not recognized by the requested Authority;
 - d) whether it would be contrary to the public interests of the requested Authority;
 - e) whether a criminal proceeding has already been initiated in the country of the requested Authority based upon the same fact and against the same persons or the same persons have already been finally sanctioned on the same charges by the competent Authorities of the requested Authority.
6. Any document or other materials provided in response to a request under this MOU and any copies thereof must be returned to the requested Authority on request.
7. Where one Authority has information which will assist the other Authority in the performance of its regulatory functions, the former may provide such information on a voluntary basis.

IV. PERMISSIBLE USE AND CONFIDENTIALITY

1. To the extent permitted by law, each Authority will keep confidential any request for assistance made under this MOU, the contents of such requests and the information received under this MOU as well as the matter arising in the course of its operation, in particular consultations between Authorities.
2. If either Authority becomes aware that information passed under this MOU may be subject to a legally enforceable demand to disclose, it will, to the extent permitted by law, inform the other Authority of this situation. The Authorities will then discuss and determine the appropriate courses of action.

V. TECHNICAL COOPERATION

The respective Authorities intend to work together to identify and address, subject to the availability of personnel and resources, the training and technical assistance required to facilitate the development of the regulatory framework for securities, futures and other related investment products markets both in China and the Netherlands.

VI. CONSULTATION

1. The Authorities will consult in the event of a dispute over the meaning of any term used in this MOU.
2. The Authorities may consult, at any time, about a request or proposed request.
3. The Authorities may consult and revise the terms of the MOU in the event of a substantial change in the laws, regulations or practices affecting the operation of the MOU.
4. To improve the cooperation under this MOU, the Authorities will conduct consultations and discussions on the implementation of the MOU periodically or when necessary.

VII. CONTACT PERSONS

All communications between the Authorities should be between the principal points of contact as set out in Appendix A unless otherwise agreed. Appendix A may be amended by written notice from either Authority without the need for resigning this MOU.

VIII. ENTRY INTO EFFECT

This MOU will be effective from the date of its signature.

IX. TERMINATION

This MOU may be terminated by any Authority at any time by giving thirty days' written notice to the other Authority. This MOU will continue to have effect with respect to all requests for assistance that are made before the effective date of termination.

SIGNED THIS Tues DAY OF 22.10 2002 IN Amsterdam AND
Fri DAY OF 01.11, 2002 IN BEIJING IN DUPLICATE IN
THE ENGLISH LANGUAGE.

**REPRESENTATIVE OF
CHINA SECURITIES
REGULATORY
COMMISSION**



Zhou Xiaochuan
Chairman

**REPRESENTATIVE OF
NETHERLANDS
AUTHORITY FOR THE
FINANCIAL MARKETS**



Arthur W.H. Doctors van Leeuwen
Chairman



Paul M. Koster
Board Member

APPENDIX A

CONTACT PERSONS

China Securities Regulatory Commission

Director-General
Department of International Cooperation
Jin Yang Plaza
16, Jin Rong Street
Xi Cheng District
Beijing 100032
The People's Republic of China
Tel: (86 10) 66210205
Fax: (86 10) 66210206

Netherlands Authority for the Financial Markets

Paul Mulder
Head Legal Affairs Department
P.O. Box 11723
1001 GS AMSTERDAM
The Netherlands
Tel: *31 20 55 35 232
Fax: *31 20 62 07 466