

**MEMORANDUM
OF
UNDERSTANDING**

**REGARDING SECURITIES AND FUTURES
REGULATORY COOPERATION**

AUSTRALIA

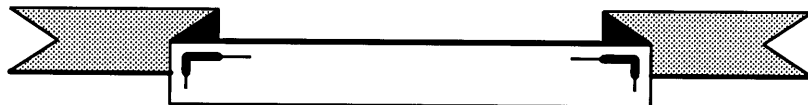
**PEOPLE'S REPUBLIC OF
CHINA**

**Australian Securities
Commission**

**China Securities Regulatory
Commission**

CANBERRA

23 MAY, 1996



***MEMORANDUM OF UNDERSTANDING (MOU) REGARDING SECURITIES
AND FUTURES REGULATORY COOPERATION between the Australian
Securities Commission and the China Securities Regulatory Commission***

I. Introduction

The Australian Securities Commission (ASC) is the national corporate and securities regulator established under section 7 of the Australian Securities Commission Act 1989. The ASC is responsible for the administration and enforcement of the Corporations Law and the Australian Securities Commission Act of 1989 which provide for the regulation of corporations and the securities and futures industries. The ASC's ability to exercise coercive powers on behalf of foreign regulators is governed by the Mutual Assistance in Business Regulation Act 1992.

The China Securities Regulatory Commission (CSRC) has been established with the approval of the State Council of the People's Republic of China as the executive agency of the Securities Policy Committee of the State Council in the supervision and regulation of the national securities and futures markets.

In this MOU, "Authorities" means the ASC and the CSRC.

The ASC on the one hand, and the CSRC on the other, recognising the increasing international activity in the securities and futures markets and the corresponding need for mutual cooperation between the two national Authorities, after friendly consultation, have reached the following understanding.

II. Principles

1. The MOU is the basis of cooperation between the Authorities, but it does not create any binding international legal obligations on the Authorities. The MOU does not modify or supersede any laws or regulatory requirements in force in or applying to, Australia or the People's Republic of China. The MOU does not create any rights enforceable by third parties, nor does it affect any arrangements under other MOUs.

2. The purpose of the MOU is to protect investors and promote the development and integrity of the securities and futures markets by providing a framework for cooperation, increased mutual understanding and the exchange of information, to the extent permitted by laws and regulations in Australia and the People's Republic of China and the availability of respective resources of the Authorities.
3. 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 laws and regulations in relation to the securities and futures markets of the other Authority.

III. Requests

1. Requests must be made in writing. In urgent cases, requests may be in summary form to be followed within ten business days by a full request.
2. The request should include the following:
 - (a) the information required (identity of persons, specific questions to asked etc);
 - (b) the purpose for which information is sought (including details of the rule or law 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 rule or law and the regulatory functions of the requesting Authority;
 - (e) the relevance of the requested assistance to the specified rule or law; and
 - (f) to whom, if anyone, onward disclosure of information is likely to be necessary and the reason for such disclosure.
3. Any document or other material provided in response to a request under the MOU and any copies thereof must be returned on request.
4. Each request will be assessed by the requested Authority 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 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 take account of:
 - (a) whether the request relates to the breach of laws or regulations which have no close parallel in the country of the requested Authority;
 - (b) whether broadly equivalent assistance would be available from the country of the requesting Authority;
 - (c) whether the request involves an assertion of jurisdiction not recognised by the country of the requested Authority; and
 - (d) whether it would be contrary to the public interest of the country of the requested Authority to give the assistance sought.
6. The Authorities 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 the MOU will apply if the providing Authority specifies that the information is supplied under the MOU.

IV. Confidentiality and Use of Information

The assistance or information will be provided by the Authorities for the purposes of assisting each other in the performance of their regulatory functions. Any assistance or information provided under this MOU 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 consent of the Authority providing the assistance or information.

V. Consultation

1. The Authorities may consult, at any time, about a request or proposed request.
2. The Authorities will consult and cooperate in the training and exchange of personnel.
3. The Authorities may consult and may revise the terms of the MOU in the event of a substantial change in laws or practices affecting the operation of the MOU.

VI. Contact Persons

1. All communication between the Authorities should be between the contact persons.
2. The Head of International Relations, Office of the Chairman (Sydney), is the contact person in the ASC.
3. The Director of Department of Foreign Affairs, is the contact person in the CSRC.
4. Addresses for contact persons are given in the Annexure. The contact persons may be amended by written notice from either Authority, without need for resignature of the MOU.

VII. Entry Into Effect

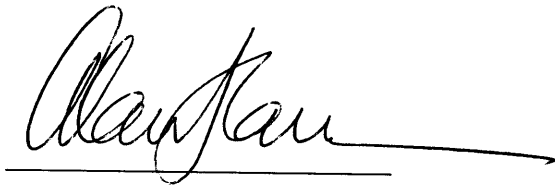
This MOU will be effective from the date of its signature by the ASC and the CSRC.

VIII. Termination

The MOU shall continue to have effect unless terminated by either of the Authorities by giving 30 days' advance written notice to the other Authority that the understanding set out herein is no longer to have effect.

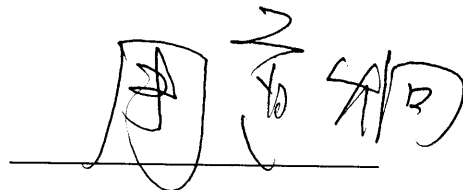
Signed this twenty third day of May, 1996 in Canberra, in duplicate in the English and Chinese Languages, both versions being equally authentic.

Representative of
THE AUSTRALIAN SECURITIES
COMMISSION



A handwritten signature in black ink, appearing to be 'Alan Stan', written over a horizontal line.

Representative of
THE CHINA SECURITIES
REGULATORY COMMISSION



A handwritten signature in black ink, consisting of stylized Chinese characters, written over a horizontal line.

ANNEXURE

CONTACT OFFICERS

ASC: Head of International Relations
Office of the Chairman, Sydney
Level 16, The Chifley Tower
2 Chifley Square
GPO Box 4866
Sydney NSW 2001
AUSTRALIA

Telephone: 61-2-9911 2075
Facsimile: 61-2-9911 2634

CSRC: Director of Department of Foreign Affairs
China Securities Regulatory Commission
Fangqunyuan 3-3, Fangzhuang
Beijing 100078
THE PEOPLE'S REPUBLIC OF CHINA

Telephone: (8610) 6765 3101, 6761 7319
Facsimile (8610) 6761 7302