



MEMORANDUM OF UNDERSTANDING
ON COOPERATION AND THE EXCHANGE OF INFORMATION

BETWEEN

TURKEY

PAKISTAN

CAPITAL MARKETS BOARD OF TURKEY

SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN

MEMORANDUM OF UNDERSTANDING

| CONTENTS | PAGE |
|---|--------|
| 1. INTRODUCTION | 3 |
| 2. DEFINITIONS | 4 |
| 3. PRINCIPLES | 5 |
| 4. SCOPE | 6 |
| 5. REQUESTS FOR ASSISTANCE OR INFORMATION | 7 |
| 6. EXECUTION OF REQUESTS | 8 |
| 7. UNSOLICITED INFORMATION | 10 |
| 8. PERMISSIBLE USES OF INFORMATION | 10 |
| 9. CONFIDENTIALITY | 11 |
| 10. CONSULTATION | 11 |
| 11. COSTS OF INVESTIGATION | 12 |
| 12. TERMINATION | 12 |
| 13. CONTACT PERSONS | 12 |
| 14. ENTRY INTO EFFECT | 12 |
| APPENDIX - A | 14 |

1. INTRODUCTION

Capital Markets Board of Turkey (CMB) and The Securities and Exchange Commission of Pakistan (SECP), recognizing the increasing international activity in the financial markets and the corresponding need for cooperation between the relevant national authorities, have reached the following understanding under this bilateral Memorandum of Understanding.

STATUTORY AUTHORITIES

The Capital Markets Board of Turkey is an independent legal entity with its own authority and responsibility mandated by the Capital Market Law (Law) dated 1981.

The CMB has the responsibility for the regulation, supervision and enforcement of all capital market activities, institutions and instruments in Turkey within the scope of the Law and relevant legislation. It has statutory powers of investigation, and has the ability to exercise its powers for the purpose of cooperation with regulators in other countries.

SECP was established under the Securities and Exchange Commission of Pakistan Act, 1997 for the beneficial regulation of the capital markets, superintendence and control of corporate entities and for matters connected therewith.

SECP has the responsibility for the regulation and supervision of all capital market activities, institutions and instruments in Pakistan within the scope of the law, rules and regulations.

2. DEFINITIONS

For the purposes of this Memorandum of Understanding:

- **“Authorities”** means Capital Markets Board of Turkey and Securities and Exchange Commission of Pakistan;
- **“Authority”** means Capital Markets Board of Turkey or Securities and Exchange Commission of Pakistan as the case may be;
- **“Information”** includes information and documents;
- **“Issuer”** means a natural or legal person who issues or proposes to issue any security;
- **“Laws and Regulations”** mean the provisions of the laws of the jurisdictions of the Authorities, the regulations promulgated there under, and other regulatory requirements that fall within the competence of the Authorities, concerning the following:
 - (a) insider dealing, market manipulation, misrepresentation of material information and other fraudulent or manipulative practices relating to securities, derivatives and options including solicitation practices, handling of investor funds and customer orders;
 - (b) the registration, issuance, offer, or sale of securities and derivatives, and reporting requirements related thereto;
 - (c) market intermediaries, including investment and trading advisers who are required to be licensed or registered, collective investment schemes, brokers, dealers, and transfer agents; and
 - (d) markets, exchanges, and clearing and settlement entities.
- **“Person”** means a natural person, body corporate, partnership, or unincorporated association, government or political subdivision, agency or instrumentality of a government;
- **“Regulated Markets”** means securities, derivatives and any other markets recognized, regulated or supervised by the Authorities
- **“Requested Authority”** means the Authority to whom a request is made pursuant to paragraph 5 of this Memorandum of Understanding;
- **“Requesting Authority”** means the Authority making a request pursuant to paragraph 5 of this Memorandum of Understanding;

- **“Securities”** means shares, bonds and other forms of securitized debts, futures and derivative products and any other financial products within the respective competence of the Authorities;
- **“Territory”** means the country, state or other territory, as the case may be, in which an Authority has legal authority, power and/or, jurisdiction conferred by law.

3. PRINCIPLES

- 3.1. This Memorandum of Understanding 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 ensure compliance with their respective securities and futures laws or regulatory requirements.
- 3.2. The purpose of this Memorandum of Understanding is for increased investor protection and further promotion of the integrity of markets by providing a framework for co-operation, increased mutual understanding and exchange of information, to the extent permitted by the respective laws and practices of the Authorities.
- 3.3. The Memorandum of Understanding serves as a basis for cooperation for the Authorities and does not impose any legally binding obligation on the Authorities, or modify or supersede any Laws and Regulations in force in or applying to the Authorities, nor will it affect any arrangements made or to be made under other Memorandum of Understandings.
- 3.4. This Memorandum of Understanding does not affect any right of any Authority under its domestic Laws and Regulations or any other arrangement to take measures otherwise than as provided herein to obtain information necessary to ensure compliance with, or to enforce, its domestic Laws and Regulations. In particular, this Memorandum of Understanding does not affect the ability of either Authority to communicate with or obtain information or documents from any other person on a voluntary basis in the territory of the other Authority. 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 the performance of the provisions shall not be contrary to the public interests of the requested Authority.

- 3.5. To the extent permitted by their respective laws and practices, each Authority will use reasonable efforts to provide the other Authority with any information in its possession which gives rise to a suspicion of a breach or anticipated breach of the Laws and Regulations.
- 3.6. This Memorandum of Understanding will not give rise, directly or indirectly, on the part of any person other than the Authorities, the right to obtain, suppress or exclude any information or to challenge the execution of a request for assistance under this Memorandum of Understanding.
- 3.7 The Authorities recognize the need and desirability for providing mutual assistance and exchanging information to assist each other in ensuring compliance with Laws or Regulations of their respective countries. However, the Requested Authority may deny assistance requested under this Memorandum of Understanding on the ground that:-
- (a) the provision of assistance will violate the national or public interest or the domestic law of the Requested Authority; or
 - (b) the request is not made in accordance with the provisions of this Memorandum of Understanding;
 - (c) the information requested concerns, facts or events which originated or occurred before the effective date of this Memorandum of Understanding.
- 3.8. Authorities having believed that facilitating the sharing of core information should be viewed as an essential element of an Authority's emergency preparedness planning and of addressing a crisis, to the extent permitted by their laws and practices, each Authority will be sensitive on the events subject to its jurisdiction which may adversely affect Regulated Markets in another jurisdiction and consider whether it could be appropriate to notify relevant Authority of such event.

4. SCOPE

- 4.1 The Authorities will, within the framework of this Memorandum of Understanding, agree to provide each other, mutual assistance and exchange of information to enable the Authorities to effectively perform their respective duties according to their Laws and Regulations. Under the foregoing general theme, the scope of this Memorandum will include the following:-

- (a) assisting in discovery of and taking action against insider dealings, market manipulation and other fraudulent, deceptive and manipulative practices in securities dealings in relation to companies, securities, futures contracts, options and collective investment schemes;
- (b) enforcement of laws, rules and regulations relating to issuing of, dealing in, arranging deals in, managing and advising on securities, futures contracts, options and collective investments and other investment products;
- (c) supervising and monitoring securities and futures markets and clearing and settlement activities and their compliance with the relevant Laws and Regulations;
- (d) promoting and securing the fitness and properness of registered persons and promoting high standards of fair dealing and integrity in their conduct of business;
- (e) the compliance, by issuers of and offerers for securities, directors, officers, shareholders and professional advisers of companies listed, or applying for listing, on the respective securities markets pertaining to the Authorities, with any duties under any relevant laws and rules and any obligation to make full, accurate and timely disclosure of information relevant to investors;
- (f) takeovers and mergers, related to public companies, and
- (g) any other matters decided upon in writing between the Authorities from time-to-time.

4.2 The Authorities will provide assistance on matters that are not offences in their own jurisdiction or contrary to public policy.

5. REQUESTS FOR ASSISTANCE OR INFORMATION

5.1 This Memorandum of Understanding does not affect the ability of the Authorities to obtain information from persons on a voluntary basis, provided that existing laws and procedures in the territory of each Authority for obtaining such information are observed. The Authority which obtains information from persons on a voluntary basis will notify the other Authority in detail.

5.2 The requests for information or other assistance will be made in writing in the English Language and addressed to the Requested Authority's contact person(s) referred to in paragraph 13 herein. In urgent cases, requests may be made orally or through email and confirmed with a full request in writing within ten (10) business days thereafter.

5.3 Requests for information will specify:-

- (a) the information required (identity of persons, specific questions to be asked, list of documents sought etc.);
- (b) a general description of the matter and the purpose for which the information is sought (including details of the rule or law pertaining to the subject matter of the request);
- (c) the link between the specified Laws and Regulations and the regulatory functions of the Requesting Authority;
- (d) the relevance of the requested assistance to the specified rule or law;
- (e) any information in the possession of the Requesting Authority that might assist the Requested Authority in identifying the persons or entities believed by the Requesting Authority to possess the information sought or the places where such information may be obtained;
- (f) to whom, if anyone, onward disclosure of information is likely to be necessary, and in this context, the reason for such disclosure;
- (g) the desired time period for the reply;
- (h) any other matters specified by the Laws and Regulations in the territory of the Requested Authority;
- (i) any other information the Requesting Authority deems necessary to specify.

6. EXECUTION OF REQUESTS

6.1 To the extent permitted by law and policy, the Requested Authority will, subject to a request from the Requesting Authority, carry out all reasonable measures to facilitate the Requesting Authority's request.

- 6.2. In order to avoid unnecessary delays, the requested Authority will pass on portions of the requested information as they become available and consult on procedure as appropriate.
- 6.3 In cases where the Requesting Authority is not satisfied with the information provided, additional information can be requested by the Requesting Authority pointing out the subjects to be clarified.
- 6.4 Each request will be assessed on a case-by-case basis by the Requested Authority to determine whether information can be provided under the terms of this Memorandum of Understanding and the Laws and Regulations of the Authorities. In any case, where the request cannot be accepted completely, the Requested Authority will consider whether there may be other relevant information or assistance, which can be given, to the extent permitted by the Laws of the Requested Authority.
- 6.5 In deciding whether or not to accept or decline a request, the Requested Authority will take account of:
- (a) Matters specified by the laws and regulations in the territory of the Requested Authority;
 - (b) Whether the request involves an assertion of a jurisdiction not recognised by the territory of the Requesting Authority;
 - (c) Whether it will be contrary to the national or public interest to give the assistance sought;
 - (d) Whether broadly equivalent assistance would be available from the country of the requesting Authority; and
 - (e) Whether judicial proceedings have already been initiated in respect of the same facts against the persons in question or whether a final judgement has been passed.
- 6.6 The Requested Authority may impose conditions of the onward release of such information to third parties. These conditions include prohibiting the onward release of information to third parties. The Authorities will consult with each other regarding the reasons for refusal and the circumstances under which use of the information might otherwise be allowed.
- 6.7 If the Requested Authority believes that a request does not accord with this Memorandum of Understanding, taking into account the provisions of this paragraph, it will promptly inform the Requesting Authority of the reasons for its refusal.

- 6.8 Any document or other material provided in response to a request under this Memorandum of Understanding and any copies thereof are to be returned on request by the Requested Authority.

To the extent permitted by any laws or regulations applying in Turkey or Pakistan, the Authorities will use reasonable efforts to provide each other with any information they discover which may be relevant for the other Authority.

7. UNSOLICITED INFORMATION

Where one Authority has information that will assist another Authority in the performance of its regulatory functions, the former may provide such information, or arrange for such information to be provided, on a voluntary basis even though no request has been made by the other Authority. The terms of this Memorandum of Understanding will apply if the providing Authority specifies that the information is passed under this Memorandum of Understanding.

8. PERMISSIBLE USES OF INFORMATION

- 8.1. Any assistance or information will be provided by an Authority only for the purposes of assisting the other Authority in the performance of its regulatory functions. Any assistance or information provided under this Memorandum of Understanding will be used by the recipient only for:-

- (a) the purpose of performing its regulatory functions;
- (b) the purposes stated in the request for assistance or information, including ensuring compliance with or enforcement of the Laws or Regulations of the Requesting Authority specified in the request, by initiating or assisting in criminal prosecutions arising out of the breach of such rules or law;
- (c) conducting or assisting in civil proceedings brought by the Authorities or other law enforcement or regulatory bodies within the territory of the Requesting Authority in taking regulatory action or imposing regulatory requirements within the scope stated in paragraph 4 above;
or
- (d) Making or assisting investigations in relation to, or conducting or assisting in the conduct of market surveillance.

- 8.2. In the event that the Requesting Authority desires to use the information obtained for any purpose other than that stated in 8.1 above, the Requesting Authority must notify and seek the consent of the Requested Authority to such use of the information.

9. CONFIDENTIALITY

- 9.1. The assistance or information obtained pursuant to this Memorandum of Understanding will not be disclosed to 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 or assistance.
- 9.2. Each Authority will keep confidential, to the extent permitted by law,
- (a) any request for information made under this Memorandum of Understanding and any matter arising in the course of this Memorandum of Understanding, including consultations between the Authorities and unsolicited assistance, unless such disclosure is necessary to carry out the request or the other Authority waives such confidentiality;
 - (b) any information received pursuant to this Memorandum of Understanding .
- 9.3. Notwithstanding the provisions of paragraphs 6.8, 9.1 and 9.2, the confidentiality provisions of this Memorandum of Understanding will not prevent the Authorities from informing the law enforcement or regulatory bodies in its territory, such as the registrar of companies or stock exchange, of the request or passing information received pursuant to a request, provided that ; such agencies or bodies have responsibility for prosecuting, regulating or enforcing rules or laws falling within the ambit of the areas set out in this Memorandum of Understanding.
- 9.4. If an Authority becomes aware that information passed under this Memorandum of Understanding may be subject to a legally enforceable demand to disclose that information, the Authority 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.

10. CONSULTATION

- 10.1. The Authorities may consult one another informally at any time about a request or proposed request. In particular, the Authorities may consult upon any request in the event of a denial by one Authority of, or

opposition by an Authority to, a request or proposal made by the other Authority pursuant to this Memorandum of Understanding.

- 10.2. The Authorities may consult and may revise the terms of the Memorandum of Understanding in the event of a substantial change in laws, practices, and market or business conditions affecting the operation of this Memorandum of Understanding.
- 10.3. To improve the cooperation under this MoU, the Authorities will conduct consultations and discussions on the implementation of the MoU when necessary.

11. COST OF INVESTIGATION OR ASSISTANCE

The Requested Authority may as a condition of arranging that assistance be given under this Memorandum of Understanding, require the Requesting Authority to make a contribution to costs. Such a contribution may, in particular, be required where the cost of executing a request is substantial.

12. TERMINATION

This Memorandum of Understanding will continue in effect until terminated by both Authorities through mutual consent or on the expiry of thirty (30) days after either Authority gives written notice to the other Authority of its intention to terminate. This Memorandum of Understanding will continue to have effect with respect to all requests for assistance that were made before the effective date of termination. The provisions concerning confidentiality shall remain in force thereafter.

13. CONTACT PERSONS

All communications between the Authorities will be between the principal points of contact as set out in Appendix A unless otherwise decided. Appendix A may however be amended by written notice from either Authority without the need for revising this Memorandum of Understanding.

14. ENTRY INTO EFFECT

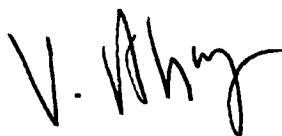
This Memorandum of Understanding will be effective from the date of signing by the Authorities.

This MoU is signed in duplicate and in English.

IN WITNESS WHEREOF, the Undersigned, for and on behalf and by authority of their respective agencies, have signed this Memorandum of Understanding.

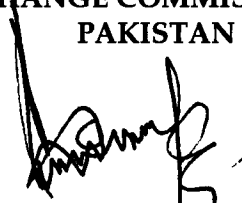
Signed on this 14th day of September in 2011

**CAPITAL MARKETS BOARD OF
TURKEY**



**Vedat Akgiray
Chairman**

**THE SECURITIES AND
EXCHANGE COMMISSION OF
PAKISTAN**



**Muhammad Ali
Chairman**

APPENDIX A

The Requested Authority's contact officers pursuant to paragraph 13 of this Memorandum of Understanding are:

For the Capital Markets Board of Turkey:

Ms. Tuba ALTUN
Head of International Affairs Group
Phone : (90-312) 292 88 81
Fax no.: (90 312) 292 90 00
E-mail: taltun@spk.gov.tr

For the Securities and Exchange Commission of Pakistan

1. **Executive Director**
Strategy, Development &
External Relations Department
Phone: (92-51) 921-2084
Fax no.: (92-51) 920-5692
Email: akif.saeed@secp.gov.pk

2. **Director**
Strategy, Development &
External Relations Department
Phone: (92-51) 920-3126
Fax no.: (92-51) 920-5692
Email: sarwat.aftab@secp.gov.pk