



MEMORANDUM OF UNDERSTANDING

BETWEEN

	AND	
SECURITIES AND EXCHANGE BOARD OF INDIA		SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

IN RELATION TO

ASSISTANCE AND MUTUAL CO-OPERATION

MEMORANDUM OF UNDERSTANDING

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1. INTRODUCTION

The **Securities & Exchange Board of India** was established under SEBI Act, 1992 to regulate the securities market in India. The objectives of the Securities & Exchange Board of India are to protect the interest of the investors, and to promote development of and to regulate the development of the securities markets in India. The main functions of Securities and Exchange Board of India include registration, regulation and supervision of intermediaries operating in the securities market, promoting and regulating self regulatory organisations, prohibiting fraudulent and unfair trade practices relating to securities markets, calling from or furnishing to agencies such information as may be considered necessary by it for efficient discharge of functions.

The **Securities and Exchange Commission of Pakistan** 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. The objective of Securities and Exchange Commission of Pakistan is to develop a fair, efficient and transparent regulatory framework, based on international legal standards and best practices, for the protection of investors and mitigation of systemic risk aimed at fostering growth of a robust corporate sector and broad based capital market in Pakistan.

2. DEFINITIONS

For the purposes of this Memorandum of Understanding:

"Authority" means the Securities & Exchange Board of India or the Securities and Exchange Commission of Pakistan as the case may be;

"Authorities" means the Securities & Exchange Board of India and Securities and Exchange Commission of Pakistan;

"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;

"Person" means a natural person, body corporate, partnership, or unincorporated association, government or political subdivision, agency or instrumentality of a government;

"Securities market" means an exchange or other market, including an over-the-counter market, in respect of equity securities, debt securities, bonds, options or any other security that is recognized, regulated or supervised by the Authorities;
and

"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 enforce or ensure compliance with their respective securities and futures laws or regulatory requirements.

3.2 The Authorities will use their best endeavours to meet the terms of this Memorandum of Understanding. This Memorandum of Understanding does not impose any legally binding obligation on the Authorities or modify or supersede any domestic laws or regulatory requirements in force in or applying to the Authorities, nor will it affect any arrangements made or to be made under other Memoranda of Understanding.

3.3 This Memorandum of Understanding does not affect any right of any Authority under its domestic laws 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 or

regulations. In particular, this Memorandum of Understanding does not affect any right 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.

3.4 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.

3.5 To the extent permitted by laws and practices, each Authority will use reasonable effort to provide the other Authority with any information that is discovered which gives rise to a suspicion of a breach or anticipated breach, of rules or laws in the territory of the other Authority.

3.6 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 would violate the national or public interest or the domestic laws of the Requested Authority; or

- (b) the request is not made in accordance with the provisions of this Memorandum of Understanding.

4. SCOPE

Through the machinery set up by this Memorandum of Understanding, the Authorities agree to promote mutual assistance of information to enable the Authorities to effectively perform their respective duties according to law. 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 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 dealing in, arranging deals in, managing and advising on securities, futures contracts, options and collective investments;
- (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 licensed or registered persons and promoting high standards of fair dealing and integrity in their conduct or business;

- (e) the compliance by issuers of and offers for securities and 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) Enforcement of laws, rules and regulations relating to the issuing of, dealing in, arranging deals in, managing and advising on securities and other investment products.
- (g) take-overs and mergers; and,
- (h) any other matters agreed upon between the Authorities from time to time.

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 procedures in the territory of each Authority for the obtaining of such information are observed.
- 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 15 herein. In urgent cases, requests may be made in summary form to be followed with a full request within five (5) business days therefrom.

5.3 Requests for information should specify:-

- (a) the information required (identity of persons, specific questions to be asked etc.)
- (b) 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 rule or law and the regulatory functions of the Requesting Authority,
- (d) the relevance of the requested assistance to the specified rule or law;
- (e) to whom onward disclosure of information is likely to be necessary, and in this context, the reason for such disclosure,
- (f) 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;
- (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.

In urgent circumstances, request for assistance and the response to such request may be effected by telephone or e-mail, provided such communication is subsequently confirmed in writing.

- 5.4 Any document or other material provided in response to a request under this Memorandum of Understanding must be returned on request, to the extent permitted by the laws of the Requesting Authority.
- 5.5 Each request will be assessed on a case-by-case basis by the Requested Authority to determine whether assistance can be provided under the terms of this Memorandum of Understanding. In any case where the request cannot be accepted completely, the Requested Authority will consider whether there may be other assistance, which can be given, to the extent permitted by the laws of the Requested Authority.
- 5.6 In deciding whether 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, and
 - (b) whether the request involves an assertion of jurisdiction not recognized by the territory of the Requested Authority, and
 - (c) whether it would be contrary to national or public interest to give the assistance sought.

6. EXECUTION OF REQUESTS

Access to information held in the possession of the Requested Authority will be provided upon the request of the Requesting Authority, to the extent permitted by the domestic laws and internal policies of the Requested Authority.

7. UNSOLICITED INFORMATION

Where one Authority has information, which 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 and conditions 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 should be used by the recipient only for:-

- (a) the purpose of performing its regulatory functions;
- (b) the purposes stated in the request, 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 rule or law;

or

- (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 arising out of the breach of the rule or law specified in the request.

8.2 In the event that the Requesting Authority desires to use the information obtained for any purpose other than that stated in paragraph 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 should 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 the

operation 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 unless it is disclosed in furtherance of the purpose for which it was requested.

9.3 Notwithstanding the provisions of paragraphs 9.1 and 9.2, the confidentiality provisions of this Memorandum of Understanding shall not prevent the Authorities from informing the law enforcement or regulatory bodies in its territory, such as the registrar or companies or stock exchange, of the request or passing information received pursuant to a request, provided that:

- (a) such agencies or bodies have responsibility for prosecuting, regulating or enforcing rules or laws falling within the ambit of the areas set out in paragraph 4; or
- (b) the purpose of passing such information to such an agency or body falls within the areas set out in paragraph 4 herein.

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, it 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.

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, market or business conditions affecting the operation of this Memorandum of Understanding.

11. COSTS OF INVESTIGATION OR ASSISTANCE

The Requested Authority may as a condition of agreeing 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. ENTRY INTO EFFECT

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

13. TERMINATION

This Memorandum of Understanding will continue in effect until 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

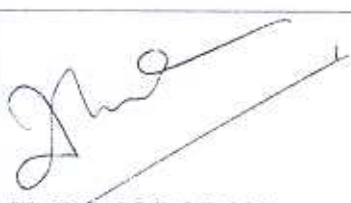
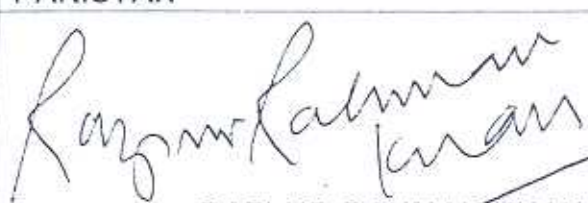
have effect with respect to all requests for assistance that were made before the effective date of termination.

14. 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 however be amended by written notice from either Authority without the need for revising this Memorandum of Understanding.

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

Signed on 28th day of January 2008 in New Delhi.

FOR THE SECURITIES AND EXCHANGE BOARD OF INDIA	FOR THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
 M. DAMODARAN CHAIRMAN	 RAZI-UR-RAHMAN KHAN CHAIRMAN

APPENDIX A

LIST OF CONTACT PERSONS

THE SECURITIES AND EXCHANGE BOARD OF INDIA

THE DIVISION CHIEF
OFFICE OF INTERNATIONAL AFFAIRS
SECURITIES AND EXCHANGE BOARD OF INDIA
SEBI BHAVAN,
CA-4, G BLOCK, BANDRA KURLA COMPLEX
BANDRA EST
MUMBAI 400 051
INDIA

PHONE: 00 91 22 26449750
FAX: 00 91 22 26449025
Email: oiia@sebi.gov.in

SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

1. COMMISSIONER
SECURITIES MARKET DIVISION
SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
NIC BUILDING, 63 JINNAH AVENUE
ISLAMABAD

PHONE: (92-51) 9222771
FAX: (92051) 9208835/ 9208640
Email: rashid.malik@secp.gov.pk

2. EXECUTIVE DIRECTOR,
SECURITIES MARKET DIVISION
SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
5TH FLOOR, STATE LIFE BUILDING NO. 2,
WALLACE ROAD,
KARACHI.

PHONE: (92-51) 9217596
FAX: (92051) 9217597
Email: abdullah.zafar@secp.gov.pk