

MEMORANDUM OF UNDERSTANDING

HONG KONG

**SECURITIES
AND
FUTURES
COMMISSION**

INDONESIA

**CAPITAL
MARKET
SUPERVISORY
AGENCY**

**HONG KONG
31 October 1994**

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE SECURITIES AND FUTURES COMMISSION OF HONG KONG

AND

THE CAPITAL MARKET SUPERVISORY AGENCY OF INDONESIA

IN RELATION TO

MUTUAL ASSISTANCE AND EXCHANGE OF INFORMATION

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RECOGNIZING the significance of the securities industry as an impetus for economic growth and development;

SHARING the common goals of:

- (i) developing and maintaining open, fair, efficient, sound and disciplined securities markets; and
- (ii) preserving the integrity of the securities industry;

BELIEVING the development of the respective securities markets in Hong Kong and Indonesia will assist in facilitating economic development and the raising of capital;

The Securities and Futures Commission of Hong Kong and the Capital Market Supervisory Agency of Indonesia ("the Authorities") hereby express their mutual intention to make concerted efforts to promote the development of appropriate regulatory mechanisms for their respective securities markets.

In furtherance of this objective, and subject to the availability of personnel and other resources, the Authorities intend to consult each other and to provide advice to one another with a view to establishing and implementing an ongoing technical assistance program for the development, administration and operation of their respective securities markets.

Such consultations will identify the specific types of technical assistance which the Authorities believe are necessary and reasonable to pursue. Such assistance may include the training of personnel as well as the provision of information and advice relating to the development of:

- (i) Securities clearance and settlement mechanisms;
- (ii) Regulatory requirements relating to market professionals and capital adequacy;
- (iii) Systems and related regulatory mechanisms relating to accounting, risk management and disclosure standards;
- (iv) Systems necessary for effective market surveillance and enforcement efforts;
and
- (v) Laws, regulations, rules, guidelines, procedures and practices to protect investors.

The Authorities consider that it is desirable to establish a framework to enhance the provision of technical assistance as well as communication and cooperation, to be effected on a continuing basis, in respect of matters relating to the operation of their respective securities markets and the general protection of investors. In furtherance of these objectives, the Authorities will endeavor to provide each other, wherever or whenever possible, the necessary assistance including the exchange of information to facilitate the effective administration and enforcement of their respective laws, regulations, rules, guidelines, procedures and practices relating to their respective securities markets.

In relation to enforcement matters mentioned above, the Authorities will use their best endeavours to effect mutual assistance and the exchange of information on insider dealing, market manipulation and other fraudulent practices in relation to securities; monitoring the securities market and securing the fitness and properness of all market participants; securities issues, takeovers, mergers and any other matters to be agreed upon.

Requests for information or other assistance will be made in writing in English. The request will be signed by one of the contact persons set out in Appendix A. Requests for information will specify:

- (i) the information requested;
- (ii) the purpose for which the information is sought;
- (iii) a description of the conduct or suspected conduct which gives rise to the request; and
- (iv) to whom, if anyone, onward disclosure of information is likely to be necessary and the reason for such disclosure.

The requested Authority may, as a condition of agreeing that assistance is 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 a request is substantial or where a substantial imbalance has arisen in the cumulative costs incurred.

The Authorities recognize that the specific assistance mentioned above may only be provided subject to the availability of resources and will, in addition, need to be permitted by the relevant legislation. In this regard, cognizance will also have to be made to the constraints imposed by law on the disclosure of unpublished secret information. The Authorities will not divulge unpublished secret information obtained pursuant to this Memorandum of Understanding to any other persons, nor use such information for any purpose other than the declared purpose for which the information was obtained, without first receiving consent in writing from the provider of the information unless that use or disclosure is required by law.

In the Authorities' attempts to achieve the above, this Memorandum of Understanding shall not be treated as creating any binding international legal obligations or rights.

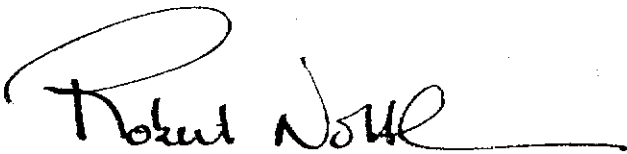
To further ensure the effective operation of this Memorandum of Understanding, the Authorities have designated the officials specified in Appendix A as the contact persons to this Memorandum of Understanding.

This Memorandum of Understanding shall remain in effect unless terminated by any one of the Authorities.

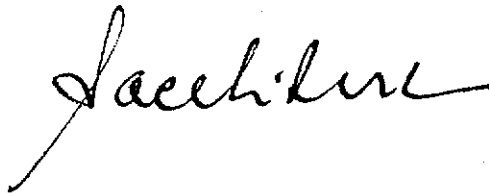
Signed this 31st day of October 1994 in Hong Kong.

FOR THE SECURITIES AND
FUTURES COMMISSION OF
HONG KONG

FOR THE CAPITAL MARKET
SUPERVISORY AGENCY OF
INDONESIA



Robert Nottle
Chairman



Bacelius Ruru
Chairman