

MEMORANDUM OF UNDERSTANDING BETWEEN

**MONETARY AUTHORITY OF MACAU
AND**

SECURITIES AND FUTURES COMMISSION

1. INTRODUCTION

The Monetary Authority of Macau and the Securities and Futures Commission, recognising the increasingly close relationship between the financial markets and financial services of Macau and Hong Kong, and the corresponding need to establish and foster cooperation between the Authorities responsible for regulating their respective financial markets and services for the protection of investors and preservation of market integrity, have reached the following understanding.

2. DEFINITIONS

For the purpose of this Memorandum:

- (a) "Authority" means:
- (i) the Monetary Authority of Macau ("AMCM") or
 - (ii) the Securities and Futures Commission ("SFC")
- (b) "Books and Records" means documents, books and records of, and other information about the Dual Registrant: _____

shareholders and investors; supervising and monitoring the activities of the
Exchange Companies and clearing houses of Hong Kong to ensure that they

- (d) "Inspecting Authority" means the Authority performing an On-Site Inspection;
- (e) "Host Authority" means the Authority in whose jurisdiction a Dual Registrant is located;
- (f) "On-Site Inspection" means any review or examination by the Inspecting Authority, at the premises of the Dual Registrant, of the Books and Records and premises of the Dual Registrant.
- (g) "Requested Authority" means the Authority to whom a request under this Memorandum is made;
- (h) "Requesting Authority" means the Authority making a request under this Memorandum;
- (i) "Person" means a natural person, unincorporated association, partnership, or body corporate;

3. FUNCTIONS OF EACH AUTHORITY

- (a) The Monetary Authority of Macau of the Macau SAR
In accordance with the rules as approved by Decree-Law n.º 14/96/M of

- (j) any other matters agreed upon by both Authorities.

5. PRINCIPLES

- (a) The Authorities will use their best endeavours to honour the understandings contained in this Memorandum.
- (b) This Memorandum does not create any legally enforceable rights nor impose any legally binding obligations. This Memorandum does not modify or supersede any laws or regulatory requirements in force in, or applying to Macau or Hong Kong.
- (c) The purpose of this Memorandum is to enhance the protection of investors and to promote the integrity of the securities and futures markets and leveraged foreign exchange trading by providing a framework for co-operation, including channels for communication, co-ordination in the supervision of relevant companies or groups of companies operating in the

(iii) a description of the nature of the case and the conduct or suspected conduct which gives rise to the request;

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guiding principles as the basis for a framework of bilateral supervisory co-operation -

- (i) The Authorities intend to consult each other on applications for setting up an operation in Macau or Hong Kong by a Dual Registrant.
- (ii) The Authorities intend to provide to each other and update on a regular basis a list identifying the names of Dual Registrants.
- (iii) Each Authority intends, upon request and consistent with the laws and regulations which govern it, to provide other Authority information located in its jurisdiction that may be relevant to the latter's supervision and monitoring of Dual Registrants.
- (iv) Both authorities, subject to prior agreement of the other authority, may conduct on-site inspections of the operations of the branches, representative offices and subsidiaries in Macau or Hong Kong, as relevant, of Dual Registrants from their respective jurisdictions. A pre and post meeting should be held for the purpose of on-site inspection.
- (v) Both authorities will encourage their Dual Registrants to conduct regular reviews, by both internal and external auditors, of the operations of their branches, representative offices and subsidiaries in Macau or Hong Kong, as relevant.

8. UNSOLICITED INFORMATION

Where one Authority has information which will assist or enable the other Authority in the performance of its supervisory 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 will apply if the providing Authority specifies that the information is passed under this Memorandum.

10. EXCHANGE OF REGULATIONS

Both authorities will periodically send to each other the English texts of the new prudential requirements and regulations of the respective authorities