

MEMORANDUM OF UNDERSTANDING

Between

SOUTH ASIAN SECURITIES REGULATORS

The signatories to this South Asian Securities Regulators (SASR) Memorandum of Understanding

- (A) Considering the increased importance of cross border operations in today's capital markets;
- (B) Realizing the importance for compliance with respective securities and future laws; and
- (C) Recognizing the need and desire for establishing a framework for mutual assistance and facilitating the exchange of information;

have reached the following understanding.

ESTABLISHMENT OF SECURITIES REGULATORS FORUM

The South Asian Securities Regulators hereby form an association by the name of "South Asian Securities Regulators' Forum" (Forum).

The Forum shall be voluntary and cooperative in nature.

2. OBJECTIVES AND PURPOSES

The objectives of the Forum shall be to promote co-operation among South Asian Securities Regulators for fostering a common understanding on regional regulatory issues and facilitating regulatory activities; the sharing of information and experiences; and the harmonization of regulations and policies and financial reporting systems, to the extent feasible, and in the process

- a) to facilitate the provision of technical expertise for capacity-building within regulatory agencies and the industry;
- b) to encourage research and publication of model guidelines, manuals, codes of conduct and other publications on current and emerging regulatory issues in respect of or related to Securities; and
- c) to liaise with the International Organization of Securities Commissions (IOSCO), and other international, inter-governmental and regional organizations dealing with regulatory aspects of Securities.

3. MEMBERSHIP

- a) The membership of the Forum shall consist of the following:
 - i) Those regulatory agencies, which are signatories to this MOU; and
 - ii) Those regulatory agencies, which agree to subscribe to this MOU and are admitted to membership by the Assembly.

- b) Members shall undertake to
 - i) abide by the provisions of this MOU; and
 - ii) support the work plan of the Forum
- c) A Member may withdraw from the Forum by giving three months notice in writing to the Chairperson of the Forum.
- d) If the Governing body so decides, regulatory agencies and organizations from within and outside the South Asian region may be invited to attend its meeting as observers.

4. GOVERNING BODY

- a) The Governing Body of the Forum shall be the Assembly.
- b) The Assembly shall consist of one representative designated from each Member who shall have authority to vote on behalf of the member he/she represents, on matters before the Assembly. Each designated representative may be accompanied at the meetings of the Assembly by one or more delegates who shall have no right to vote.

The Assembly shall have authority to take all steps necessary to further the objectives of the Forum. Without detracting from the generality of its powers, the Assembly shall *inter alia*:

- i) determine the timing, venue and host body(ies) of the regional Conferences;
- ii) determine the financial contributions to be made by each Member and the purposes for which such contributions may be used;
- iii) admit or reject applications for membership of the Forum;
- iv) receive reports of the Forum;
- v) appoint such committees as it may deem proper for carrying out such assignments as it may determine;
- vi) establish rules of procedure consistent with the provisions of this MOU;
- vii) accept the resignation of a Member;
- viii) distribute annual reports to Members; and
- ix) carry out such amendments to the provisions of this MOU, as it may consider necessary.

5. ORDINARY MEETINGS

A meeting of the Assembly shall be held at least once in every calendar year.

6. SPECIAL MEETINGS

Special meetings of the Assembly shall be held at a time and place to be decided by the Chairperson on a written demand of not less than one-half of the Members, stating the purpose of the meeting.

All meetings will be held in member jurisdictions.

In addition to the Ordinary or Special Meetings, the Forum may organize and hold workshops and seminars, and form working groups on specific issues of interest.

7 QUORUM

The Assembly shall not take action on matters coming before it unless at least one-half of the members eligible to vote are present at the meeting. If less than half the members are represented at a meeting of the Assembly, the meeting shall stand adjourned. On the date to which the meeting is adjourned, the meeting shall proceed to transact the business notwithstanding the fact that there may be less than one-half of the Members present.

8. VOTE

- a) Each Member shall have one vote.
- b) Decisions of the Assembly shall be taken by a simple majority of those present and voting. Voting shall be by show of hands, unless a poll is requested.

9. POSTAL BALLOT

Except for amendments to this MOU, a postal ballot may be taken when so authorized by the Chairperson. A decision shall be taken based on the majority of those voting within the specified deadline. Votes received after the deadline shall not be counted.

10. NOTICE OF MEETINGS

A notice of not less than two months shall be given for an ordinary meeting of the Assembly and shall be accompanied by a statement of business to be transacted. A member may have a matter included on the agenda of an ordinary meeting, provided a request for such inclusion is received one month in advance of the meeting.

- b) No business other than that included in the agenda for the ordinary meeting shall be transacted at such meeting except with the consent of the Chairperson.
- c) A notice of not less than two weeks shall be required for convening a special meeting of the Assembly and no other business shall be transacted at the meeting except the business for which the Assembly is specially convened.

11. CHAIRPERSON OF MEETINGS

The Chairperson shall chair all Ordinary and Special Meetings of the Assembly. In his absence, the Vice-chairperson, designated as the Chairperson for the next calendar year,

shall act as the Acting Chairperson. In the absence of both, the Assembly may elect any other Vice-chairperson to assume the Chairpersonship of the Meeting.

12. CHAIRPERSON

The meeting of the Assembly shall annually elect a Chairperson from among the representatives of the Members of the Forum. He/she shall hold office till a new Chairperson is elected at the Ordinary Meeting of the Assembly. The term of office of the Chairperson shall be one calendar year, without the right of succession.

For the term of the office of the Chairperson, secretarial services to the Forum will be provided by the member of the Forum whose representative has been elected as Chairperson.

13. POWERS AND DUTIES OF THE CHAIRPERSON

The Chairperson shall perform such functions and exercise such powers specifically assigned to him under this MOU or entrusted to him by the Assembly. The Chairperson shall:

- a) notice of and organize ordinary and special meetings of the Assembly and determine the agenda;
- b) prepare a report of the proceedings of the Forum;
- c) preside over meetings of the Assembly;
- d) prepare the annual work plan of the Forum;
- e) develop a strategic plan every 3 years to be endorsed by the members, which will set out the Forum's mission and goals for the next 3 years; and
- f) carry out such other duties as may be entrusted to him by the Assembly.

14. VICE-CHAIRPERSON

The meeting of the Assembly shall elect a Vice-chairperson from amongst the representatives of the Members. The Vice-chairperson shall be designated as the Chairperson for the next calendar year. In the absence of the Chairperson, the Vice-chairperson shall perform all such functions as have been specifically assigned or entrusted to the Chairperson and such other functions as may be additionally assigned to him by the Assembly or the Chairperson.

The Chairperson and the Vice Chairperson shall be elected in their official capacity and not in their individual capacity, and shall in the manner of other members, vote on behalf of the member that they represent.

15. CASUAL VACANCY

If a casual vacancy arises in the case of the office of the Chairperson, the Vice-chairperson shall take over as the Chairperson and shall hold the office for the remaining term. He/she shall also be eligible to be elected as the Chairperson for the immediately succeeding term.

16. GENERAL

The Forum shall maintain close co-ordination with relevant international regulatory bodies and shall obtain, if feasible, membership of such bodies either as a regular member or as an observer.

17. AMENDMENTS TO THE MEMORANDUM OF UNDERSTANDING

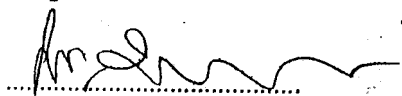
Amendments to the MOU shall require the approval of three-fourths of the members of the Forum and shall not be carried out except at a meeting of the Assembly, provided that a representative who is unable to attend the meeting may vote through a postal ballot.

18. RATIFICATION AND ACCESSION

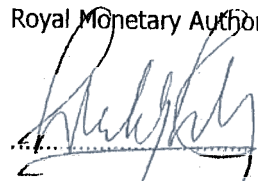
The undersigned representatives of the Members hereby collectively agree to establish and maintain the said Forum, as a regional association, with the objectives, powers, membership and obligations of membership set out herein, subject however to the right of any Member to request any amendment or to make any reservation within three months from the date hereof. In the event of a request for an amendment or reservation, the Forum shall function subject to such reservation or the adoption of the amendment at the next meeting of the Forum.

Signed this 13th day of May 2005 at Islamabad, Pakistan

1. For and on behalf of
Securities and Exchange Commission of
Bangladesh



2. For and on behalf of
Royal Monetary Authority of Bhutan

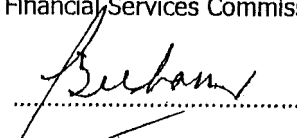


3. For and on behalf of
Securities and Exchange Board of India

4. For and on behalf of
Maldives Monetary Authority



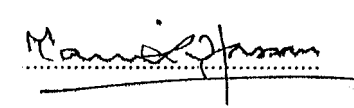
5. For and on behalf of
Financial Services Commission, Mauritius



6. For and on behalf of
Securities Board, Nepal



7. For and on behalf of
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8. For and on behalf of
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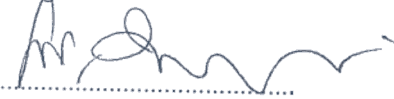
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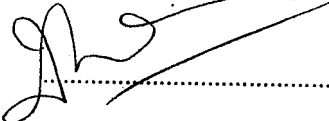
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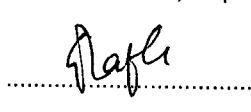
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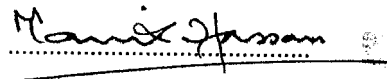
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