

Letter of Joint Cooperation between the CSRC and the AMF

December 7, 2006

China Securities Regulatory Commission (CSRC), represented by its Chairman, Mr. Shang Fulin, and the Autorité des marchés financiers of France (AMF), represented by its Chairman, Mr. Michel Prada, agree through this joint letter to strengthen the links between the two commissions by means of the organisation of technical exchanges. This signing of this letter falls within the general agreement signed in 1998 by the CSRC and the Commission des Opérations de Bourse, predecessor of the AMF.

Whereas,

The French and the Chinese securities Commissions signed in 1998 a Memorandum of Understanding (MOU) on cooperation and exchange of information. This MOU aimed at promoting investor protection and market integrity by establishing a framework for cooperation which would contribute to the development of a mutual understanding, and to the exchange of technical and regulatory information.

In addition, the two authorities are strongly committed to support and work with all members of the International Organisation of Securities Commissions (IOSCO) and they both stress the need to strengthen the cooperation between its members as a result of the increasing cross border business and the globalisation of financial markets.

And,

The two authorities acknowledge the need to increase technical exchanges for the purpose of better understanding and knowledge of each other's financial regulation.

These technical exchanges will, in particular, be related to the following issues:

- the development of the asset management industry;
- the marketing of financial products,
- the development of institutional investors,
- the development of pension funds
- the information delivered by public companies to investors,
- the oversight of the market, and
- the rules of conduct that apply to intermediaries.

The two authorities will examine the necessity to have a specific agreement or “fast track” process of mutual recognition for financial intermediaries, issuers and asset management products and companies in order to facilitate closer cooperation between their markets.

Therefore,

The two authorities have decided to sign this Joint Letter that provides the framework for the strengthened cooperation.

Furthermore,

These technical exchanges will take the form of :

Organisation of seminars in China and in France: Experts of each one of the Commissions will be hosted by the other commission to present specific topics and technical issues. These seminars will allow a large number of people from the hosting authorities to participate. These seminars aim to provide an in-depth presentation of the regulation of each country and its practical implementation. These seminars could also include workshops and business cases, where appropriate.

Public conferences: Representatives from the industry of the respective markets may be invited for a public conference that would favour a better understanding of the regulatory systems.

Study visits: A small number of experts of each Commission will spent maximum 5 work days within a specific department of the other Commission in order to gain a more complete understanding of the way the hosting Commission is facing the challenges of the day-to-day regulation. These visits would aim at creating links between the experts of the two Commissions that would enhance dialogue and mutual exchanges. These visits could also lead to providing assistance in the reviewing of regulation.

Internships: One staff member of each authority could join the other authority for a long term internship.

Visits of delegations: The purpose is to allow a large number of staff from one authority to learn about the financial market of the other, through presentations, conferences as well as meetings with industry representatives.

A bilateral meeting between the Chairman of the AMF and the Chairman of the CSRC will be organised on an annual basis to monitor the cooperation program and to highlight the more important topics for the following year.

This program will be managed by the Department of International Affairs of the CSRC and the International Affairs Departments of the AMF. The Heads of both Departments will

jointly organise the annual schedule of meetings between the two Commissions to be submitted to the chairman of each authority.

The expenses incurred by this program are to be paid by each authority. However, when possible and if needed, the two authorities could decide, on a case by case basis, to accept total or part of some expenses paid by the other authority, namely for the organisation of seminars, travel and accommodation of experts etc. Public financing will be used whenever possible.

A list of contact persons by department is attached to the present letter in Appendix I in order to allow those in charge of the various subjects to know whom to contact for the preparation of the various events.

A second appendix is attached to this letter which sets out the various activities for the next year (Appendix II).

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CHINA SECURITIES REGULATORY
COMMISSION

REPRESENTATIVE OF
AUTORITÉ DES MARCHÉS
FINANCIERS

SHANG Fulin
Chairman

Michel Prada
Chairman

Appendix I

List of Contact Persons within Each Authority

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