REPORT ON THE IMPLEMENTATION OF IOSCO RESOLUTIONS

INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS

September 1998

REPORT ON THE IMPLEMENTATION OF IOSCO RESOLUTIONS AS OF SEPTEMBER 1998

This report is an account of the current status of the implementation of the IOSCO Resolutions by the members as of September 1998. It has been established in its final form after consultation of all the members.

The notes accompanying the table clarify or explain the action taken by the members.

If your situation concerning the implementation of a resolution changes or if you feel that a modification should be made in the table or in the notes, please advise the General Secretariat.

An updated version of this report should be published at the time of each Annual Conference. This report is also available on the IOSCO Web Site. Modifications or answers received between Annual Conferences will be reflected in the version available on the Web Site.

General Secretariat
September 1998

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[1] Resolutions that all members have been encouraged to implement. Except for the Resolution Concerning Mutual Assistance, all the Resolutions were proposed by the Technical Committee.

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REGULAR MEMBERS					
1 - ALGERIA	Commission d'Organisation et de Surveillance des Opérations de Bourse				
2 - ARGENTINA	Comisión Nacional de Valores	Yes (87-08-14)			Yes (N-2) (92-01-08)
3 - AUSTRALIA	Australian Securities and Investments Commission	Yes (87-10-31)	Yes (N-3) (93-07-30)	Yes (N-3) (93-07-30)	Yes (N-3) (91-08-20)
4 - AUSTRIA	Austrian Securities Authority	Yes (92-12-20)	Yes (N-4) (98-07-31)	Yes (98-07-31)	Yes (N-4) (98-07-31)
5 - BAHAMAS	Securities Board (The Commonwealth of The Bahamas)	Yes (96-11-22)	Yes (97-11-18)		Yes (96-11-21)
6 - BAHRAIN (State of)	Bahrain Stock Exchange				
7 - BANGLADESH	Securities and Exchange Commission				

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8 - BARBADOS	Securities Exchange of Barbados				

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9 - BELGIUM	Commission bancaire et financière	Yes (90-05-28)	Yes (90-05-28)	Yes (N-9) (91-09-20)	Yes (N-9) (91-07-24)
10 - BERMUDA	The Bermuda Monetary Authority	Yes (92-11-19)	(N-10) (95-05-22)	Yes (N-10) (93-08-16)	Yes (N-10) (93-08-16)
11 - BOLIVIA	Superintendencia de Valores	Yes (87-08-19)			
12 – BRAZIL	Comissão de Valores Mobiliários	Yes (N-12) (87-02-16)	Yes (N-12) (89-12-06)	Yes (N-12) (93-08-31)	Yes (N-12) (93-03-12)
13 - BULGARIA	Securities and Stock Exchanges Commission				
14 - CHILE	Superintendencia de Valores y Seguros	Yes (87-03-06)	Yes (90-07-06)	Yes (N-14) (91-03-21)	Yes (N-14) (91-03-21)
15 - CHINA (People's Republic of)	China Securities Regulatory Commission				
16 - COLOMBIA	Superintendencia de Valores	Yes (87-03-12)			

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17 - COSTA RICA	Superintendencia General de Valores	Yes (87-08-11)			
18 – CROATIA (Republic of)	Securities and Exchange Commission				
19 - CYPRUS (Republic of)	Central Bank of Cyprus	Yes (91-01-18)			Yes (N-19) (91-02-05)
20 - DENMARK	Finanstilsynet	Yes (90-06-22)	Yes (90-06-22)	Yes (N-20) (92-05-11)	Yes (N-20) (92-05-11)
21 - DOMINICAN REPUBLIC	Banco Central de la República Dominicana				
22 - ECUADOR	Superintendencia de Compañías	Yes (87-06-29)			Yes (N-22) (92-03-17)
23 - EGYPT	Capital Market Authority	Yes (88-02-18)	Yes (89-08-30)		
24 – EL SALVADOR	Superintendencia de Valores				

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25 - FINLAND	Financial Supervision Authority	Yes (92-08-07)	Yes (94-08-11)	Yes (N-25) (94-09-02)	Yes (N-25) (91-08-06)

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26 - FORMER YUGOSLAV REPUBLIC OF MACEDONIA	Securities and Exchange Commission				
27 - FRANCE	Commission des Opérations de Bourse	Yes (87-02-18)	Yes (91-04-12)	Yes (N-27) (96-07-01)	Yes (N-27) (91-09-02)
28 - GERMANY	Bundesaufsichtsamt für den Wertpapierhandel (BAWe)	Yes (N-28) (95-03-08)	Yes (N-28) (95-05-19)	Yes (N-28) (91-09-04)	Yes (N-28) (91-07-31)
29 - GREECE	Capital Market Commission	Yes (N-29) (98-08-19)			Yes (N-29) (98-08-19)
30 - GUERNSEY	Guernsey Financial Services Commission	Yes (91-11-12)	Yes (93-11-12)	No (N-30) (93-11-12)	Yes (91-12-18)
31 - HONG KONG	Securities and Futures Commission	Yes (86-12-24)	Yes (89-06-15)	Yes (N-31) (93-07-23)	Yes (91-08-08)
32 - HUNGARY	Hungarian Banking and Capital Market Supervision	Yes (91-01-02)			Yes (N-32) (92-01-28)

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33 - INDIA	Securities and Exchange Board of India (SEBI)	Yes (N-33) (98-08-17)	Yes (N-33) (98-08-17)	Yes (N-33) (98-08-17)	Yes (N-33) (92-01-07)

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34 - INDONESIA	Indonesian Capital Market Supervisory Agency				
35 - IRELAND	Central Bank of Ireland	Yes (95-05-10)	Yes (95-05-10)	Yes (N-35) (95-05-10)	Yes (N-35) (95-05-10)
36 - ISLE OF MAN	Financial Supervision Commission	Yes (92-11-20)			
37 - ISRAEL	Israel Securities Authority				
38 - ITALY	Commissione Nazionale per le Società e la Borsa	Yes (87-03-31)	Yes (89-10-17)	Yes (N-38) (91-04-24)	Yes (N-38) (91-04-05)
39 - JAMAICA	Securities Commission	Yes (91-12-30)			
40 - JAPAN	Financial System Planning Bureau of the Ministry of Finance	Yes (90-06-28)	Yes (90-06-27)	Yes (N-40) (93-07-13)	Yes (N-40) (93-07-13)
41 - JERSEY	Jersey Financial Services Commission	Yes (96-02-12)	Yes (96-02-12)	No (N-41) (96-02-12)	Yes (N-41) (96-02-12)

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42 – JORDAN	Jordan Securities Commission	Yes (93-01-25)			Yes (N-42) (92-02-02)
43 – KAZAKHSTAN (Republic of)	National Securities Commission				
44 – KENYA	Capital Markets Authority	Yes (93-05-21)			Yes (N-44) (92-04-22)
45 - KOREA	Financial Supervisory Commission	Yes (92-10-26)		No (N-45) (91-06-19)	Yes (N-45) (91-06-19)
46 – KYRGYZ REPUBLIC	National Commission on Securities Market				
47 - LITHUANIA	Lithuanian Securities Commission				
48 - LUXEMBOURG (Grand Duchy of)	Commissariat aux Bourses	Yes (91-10-28)			Yes (N-48) (92-05-14)
49 - MALAYSIA	Securities Commission	Yes (N-49) (96-10-03)		Yes (N-49) (96-10-03)	Yes (N-49) (96-10-03)

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50 - MALTA	Malta Stock Exchange				Yes (N-50) (94-08-10)
51 - MAURITIUS (Republic of)	Stock Exchange Commission	Yes (93-01-29)			Yes (N-51) (92-01-16)
52 - MEXICO	Comisión Nacional Bancaria y de Valores	Yes (87-02-26)	Yes (96-07-24)	Yes (N-52) (91-09-18)	Yes (N-52) (91-09-18)
53 - MOROCCO	Conseil Déontologique des Valeurs Mobilières	Yes (N-53) (97-07-15)	Yes (N-53) (97-07-15)	No (N-53) (97-07-15)	Yes (N-53) (97-07-15)
54 - NETHERLANDS (The)	Stichting Toezicht Effectenverkeer	Yes (93-07-23)	Yes (90-03-01)		Yes (N-54) (91-04-26)
55 - NEW ZEALAND	Securities Commission	Yes (87-08-19)	Yes (89-09-14)	Yes (95-05-23)	Yes (N-55) (91-06-10)
56 - NIGERIA	Securities and Exchange Commission	Yes (N-56) (87-08-28)			Yes (N-56) (95-07-07)
57 - NORWAY	Kredit Tilsynet	Yes (87-02-23)	Yes (96-06-27)	Yes (N-57) (91-07-03)	Yes (N-57) (91-06-27)
58 - OMAN	Muscat Securities Market	Yes			Yes (N-58)

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(Sultanate of)		(91-12-14)			(91-03-17)
59 - ONTARIO	Ontario Securities Commission	Yes (86-12-29)	Yes (89-04-14)		Yes (N-59) (92-01-22)
60 - PAKISTAN	Corporate Law Authority / Government of Pakistan				
61 - PANAMA	Comisión Nacional de Valores	Yes (87-02-27)			
62 – PAPUA NEW GUINEA	Securities Commission				
63 - PARAGUAY	Comisión Nacional de Valores				
64 - PERU	Comisión Nacional Supervisora de Empresas y Valores	Yes (87-02-23)	Yes (N-64) (96-07-29)		Yes (N-64) (92-01-31)
65 - PHILIPPINES	Securities and Exchange Commission	Yes (91-02-13)		Yes (N-65) (91-02-08)	Yes (N-65) (91-02-07)
66 - POLAND	Polish Securities and Exchange Commission	Yes (91-12-11)			Yes (N-66) (91-08-02)

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67 - PORTUGAL	Comissão do Mercado de Valores Mobiliários	Yes (92-02-04)	Yes (N-67) (94-05-05)	Yes (N-67) (96-07-20)	Yes (N-67) (94-05-05)
68 - QUEBEC	Commission des valeurs mobilières du Québec	Yes (87-01-15)	Yes (N-68) (96-07-10)	Yes (N-68) (91-07-10)	Yes (N-68) (91-02-26)
69 - ROMANIA	Romanian National Securities Commission				

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70 - RUSSIA	Federal Commission for the Securities Market of the Russian Federation				
71 - SINGAPORE	The Monetary Authority of Singapore	Yes (96-03-13)		Yes (N-71) (91-03-12)	Yes (N-71) (91-06-03)
72 - SLOVENIA	Securities Market Agency				
73 - SOUTH AFRICA	Financial Services Board	Yes (N-73) (92-12-22)	Yes (N-73) (97-07-24)	Yes (N-73) (97-07-24)	Yes (N-73) (97-07-24)
74 - SPAIN	Comisión Nacional del Mercado de Valores	Yes (93-01-21)	Yes (N-74) (93-07-28)	Yes (N-74) (95-05-22)	Yes (N-74) (95-05-22)
75 - SRI LANKA	Securities and Exchange Commission of Sri Lanka				
76 - SWEDEN	Finansinspektionen	Yes (87-12-28)			Yes (N-76) (92-06-02)
77 - SWITZERLAND	Commission Fédérale des	Yes (N-77)	Yes (N-77)	Yes (N-77)	Yes (N-77)

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	Banques	(97-02-01)	(97-02-01)	(91-06-25)	(91-04-16)

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78 - CHINESE TAIPEI	Securities and Futures Commission	Yes (87-05-08)	Yes (90-01-03)		Yes (N-78) (-- -- --)
79 - TANZANIA	Capital Markets and Securities Authority				
80 - THAILAND	Office of the Securities and Exchange Commission	Yes (93-09-13)	Yes (93-11-29)	No (N-80) (93-09-13)	Yes (N-80) (93-12-28)
81 - TRINIDAD AND TOBAGO	Trinidad and Tobago Securities and Exchange Commission	Yes (87-06-12)			Yes (N-81) (91-08-13)
82 - TUNISIA	Conseil du Marché Financier	Yes (93-01-25)			Yes (N-82) (92-01-09)
83 - TURKEY	Capital Market Board	Yes (N-83) (93-08-16)	Yes (89-10-19)		
84 - UKRAINE	Ukrainian Securities and Stock Market State Commission	Yes (N-84) (96-06-18)	Yes (N-84) (96-07-04)	Yes (96-06-18)	
85 - UNITED KINGDOM	Financial Services Authority	Yes (92-01-07)	Yes (89-04-21)	Yes (N-85) (91-05-20)	Yes (N-85) (91-05-20)

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86 - UNITED STATES OF AMERICA	United States Securities and Exchange Commission	Yes (87-03-18)	Yes (89-05-23)	Yes (N-86) (95-05-23)	Yes (N-86) (91-07-03)
87 - URUGUAY	Banco Central del Uruguay	Yes (87-09-17)			Yes (N-87) (93-08-20)
88 - VENEZUELA	Comisión Nacional de Valores	Yes (87-11-18)			
89 - ZAMBIA	Securities and Exchange Commission				
ASSOCIATE MEMBERS					
90 - ALBERTA	Alberta Securities Commission				
91 - BRITISH COLUMBIA	British Columbia Securities Commission	Yes (90-05-25)	Yes (90-05-24)		Yes (N-91) (91-05-15)
92 - JAPAN	Ministry of Agriculture, Forestry and Fisheries				
93 - JAPAN	Ministry of International Trade				

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	and Industry (MITI)				
94 - JAPAN	Securities and Exchange Surveillance Commission				

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95 - LEBANON	Banque du Liban				
96 - LUXEMBOURG (Grand Duchy of)	Institut Monétaire Luxembourgeois				
97 - UNITED STATES OF AMERICA	Commodity Futures Trading Commission			Yes (N-97) (91-08-27)	Yes (N-97) (91-08-27)
98 - UNITED STATES OF AMERICA	North American Securities Administrators Association, Inc. (NASAA)	Yes (90-12-04)	Yes (89-09-09)	Yes (N-98) (91-05-02)	Yes (N-98) (91-05-02)

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REGULAR MEMBERS					
1 - ALGERIA	Commission d'Organisation et de Surveillance des Opérations de Bourse		**		
2 - ARGENTINA	Comisión Nacional de Valores	Yes (N-2) (94-09-01)	**	Yes (N-2) (93-02-17)	
3 - AUSTRALIA	Australian Securities and Investments Commission	Yes (N-3) (93-01-08)	**	Yes (N-3) (93-07-30)	Yes (94-05-31)
4 - AUSTRIA	Austrian Securities Authority	Yes (N-4) (93-03-29)	**	Yes (N-4) (93-04-22)	Yes (94-04-26)
5 - BAHAMAS	Securities Board (The Commonwealth of The Bahamas)	Yes (97-11-18)	**		
6 - BAHRAIN (State of)	Bahrain Stock Exchange		**		
7 - BANGLADESH	Securities and Exchange Commission		**		
8 - BARBADOS	Securities Exchange of Barbados		**		

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9 - BELGIUM	Commission bancaire et financière	Yes (N-9) (93-08-31)	**	Yes (93-08-31)	Yes (N-9) (95-05-22)

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10 - BERMUDA	The Bermuda Monetary Authority	Yes (N-10) (93-01-08)	**	Yes (N-10) (93-02-01)	Yes (N-10) (94-03-03)
11 - BOLIVIA	Superintendencia de Valores		**		
12 - BRAZIL	Comissão de Valores Mobiliários	Yes (N-12) (93-08-31)	**		Yes (N-12) (98-07-31)
13 - BULGARIA	Securities and Stock Exchanges Commission		**		
14 - CHILE	Superintendencia de Valores y Seguros	Yes (N-14) (93-03-22)	**	Yes (N-14) (93-02-23)	
15 - CHINA (People's Republic of)	China Securities Regulatory Commission		**		
16 - COLOMBIA	Superintendencia de Valores	Yes (N-16) (94-09-05)	**		Yes (N-16) (94-05-03)
17 - COSTA RICA	Superintendencia General de Valores		**		Yes (N-17) (94-04-27)
18 – CROATIA	Securities and Exchange		**		

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(Republic of)	Commission				

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19 – CYPRUS (Republic of)	Central Bank of Cyprus	Yes (N-19) (93-02-08)	**		Yes (N-19) (94-02-25)
20 - DENMARK	Finanstilsynet	Yes (N-20) (94-01-26)	**	Yes (N-20) (94-06-14)	Yes (N-20) (95-05-24)
21 - DOMINICAN REPUBLIC	Banco Central de la República Dominicana	Yes (N-21) (94-10-12)	**		
22 - ECUADOR	Superintendencia de Compañías	Yes (N-22) (94-08-16)	**	Yes (N-22) (93-02-24)	Yes (N-22) (94-05-12)
23 - EGYPT	Capital Market Authority		**		
24 – EL SALVADOR	Superintendencia de Valores		**		
25 - FINLAND	Financial Supervision Authority	Yes (N-25) (94-09-02)	**	Yes (N-25) (93-07-07)	Yes (N-25) (94-09-02)
26 - FORMER YUGOSLAV REPUBLIC OF MACEDONIA	Securities and Exchange Commission		**		

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27 - FRANCE	Commission des Opérations de Bourse	Yes (N-27) (93-05-27)	**	Yes (N-27) (93-05-28)	Yes (N-27) (96-07-01)

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28 - GERMANY	Bundesaufsichtsamt für den Wertpapierhandel (BAWe)	Yes (N-28) (92-12-22)	**	Yes (N-28) (93-05-05)	Yes (N-28) (94-05-13)
29 – GREECE	Capital Market Commission	Yes (N-29) (98-08-19)	**	Yes (N-29) (98-08-19)	
30 - GUERNSEY	Guernsey Financial Services Commission	Yes (N-30) (93-01-21)	**	Yes (93-11-12)	Yes (94-02-28)
31 - HONG KONG	Securities and Futures Commission	Yes (N-31) (92-12-14)	**	Yes (N-31) (93-01-20)	Yes (N-31) (94-03-02)
32 - HUNGARY	Hungarian Banking and Capital Market Supervision	Yes (N-32) (94-09-07)	**		Yes (94-04-22)
33 – INDIA	Securities and Exchange Board of India (SEBI)	Yes (98-08-17)	**	Yes (N-33) (93-02-25)	Yes (N-33) (94-03-09)
34 - INDONESIA	Indonesian Capital Market Supervisory Agency	Yes (N-34) (93-01-18)	**		
35 - IRELAND	Central Bank of Ireland	Yes (N-35) (94-07-21)	**	Yes (N-35) (95-05-10)	Yes (N-35) (94-04-18)

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36 - ISLE OF MAN	Financial Supervision Commission	Yes (N-36) (92-12-11)	**		Yes (N-36) (94-02-21)
37 - ISRAEL	Israel Securities Authority		**		
38 - ITALY	Commissione Nazionale per le Società e la Borsa	Yes (N-38) (93-01-25)	**	Yes (N-38) (93-03-29)	Yes (N-38) (94-09-21)
39 - JAMAICA	Securities Commission		**		
40 - JAPAN	Financial System Planning Bureau of the Ministry of Finance	Yes (N-40) (92-12-21)	**	Yes (N-40) (93-07-13)	Yes (N-40) (94-06-20)
41 - JERSEY	Jersey Financial Services Commission	Yes (N-41) (93-02-15)	**	Yes (N-41) (93-02-15)	Yes (94-10-04)
42 – JORDAN	Jordan Securities Commission	Yes (N-42) (94-07-23)	**	Yes (N-42) (97-07-07)	No (N-42) (94-03-07)
43 – KAZAKHSTAN (Republic of)	National Securities Commission		**		
44 - KENYA	Capital Markets Authority	Yes (N-44)	**		

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		(93-03-15)			

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45 - KOREA	Financial Supervisory Commission	Yes (N-45) (93-01-13)	**	Yes (N-45) (93-04-16)	
46 – KYRGYZ REPUBLIC	National Commission on Securities Market		**		
47 - LITHUANIA	Lithuanian Securities Commission		**		
48 - LUXEMBOURG (Grand Duchy of)	Commissariat aux Bourses	Yes (N-48) (93-05-11)	**	Yes (N-48) (93-02-16)	Yes (N-48) (94-06-02)
49 - MALAYSIA	Securities Commission		**		
50 – MALTA	Malta Stock Exchange		**		
51 – MAURITIUS (Republic of)	Stock Exchange Commission		**		
52 - MEXICO	Comisión Nacional Bancaria y de Valores	Yes (N-52) (94-08-10)	**	Yes (N-52) (96-07-24)	Yes (N-52) (96-07-24)
53 - MOROCCO	Conseil Déontologique des	Yes (N-53)	**	No (N-53)	No (N-53)

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	Valeurs Mobilières	(97-07-15)		(97-07-15)	(97-07-15

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54 - NETHERLANDS (The)	Stichting Toezicht Effectenverkeer	Yes (N-54) (94-07-25)	**		Yes (N-54) (94-03-21)
55 - NEW ZEALAND	Securities Commission	Yes (N-55) (93-07-27)	**		Yes (94-08-22)
56 - NIGERIA	Securities and Exchange Commission	Yes (N-56) (95-07-07)	**	Yes (N-56) (95-07-07)	Yes (N-56) (95-07-07)
57 - NORWAY	Kredit Tilsynet	Yes (N-57) (93-01-26)	**	Yes (N-57) (93-02-12)	Yes (94-04-08)
58 - OMAN (Sultanate of)	Muscat Securities Market		**		
59 - ONTARIO	Ontario Securities Commission	Yes (N-59) (92-12-16)	**	Yes (N-59) (93-03-24)	Yes (N-59) (94-03-23)
60 – PAKISTAN	Corporate Law Authority / Government of Pakistan		**		
61 – PANAMA	Comisión Nacional de Valores		**	Yes (N-61) (93-04-10)	Yes (N-61) (94-05-18)
62 – PAPUA NEW	Securities Commission		**		

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GUINEA					

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63 – PARAGUAY	Comisión Nacional de Valores	No (N-63) (94-08-09)	**		
64 - PERU	Comisión Nacional Supervisora de Empresas y Valores	Yes (N-64) (93-02-02)	**		
65 - PHILIPPINES	Securities and Exchange Commission		**		Yes (N-65) (94-03-07)
66 - POLAND	Polish Securities and Exchange Commission	Yes (N-66) (93-01-21)	**		
67 - PORTUGAL	Comissão do Mercado de Valores Mobiliários	Yes (N-67) (94-05-05)	**	Yes (N-67) (94-05-05)	Yes (N-67) (94-04-13)
68 - QUEBEC	Commission des valeurs mobilières du Québec	Yes (N-68) (96-07-10)	**	Yes (N-68) (96-07-10)	Yes (N-68) (94-03-23)
69 - ROMANIA	Romanian National Securities Commission		**		
70 - RUSSIA	Federal Commission for the Securities Market of the Russian Federation		**		

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71 - SINGAPORE	The Monetary Authority of Singapore	Yes (N-71) (92-12-15)	**	Yes (N-71) (93-02-02)	

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72 - SLOVENIA	Securities Market Agency		**		
73 - SOUTH AFRICA	Financial Services Board	Yes (N-73) (94-07-26)	**	Yes (N-73) (97-07-24)	Yes (N-73) (97-07-24)
74 - SPAIN	Comisión Nacional del Mercado de Valores	Yes (N-74) (93-01-12)	**	Yes (N-74) (93-07-28)	Yes (N-74) (94-06-30)
75 - SRI LANKA	Securities and Exchange Commission of Sri Lanka		**		No (N-75) (94-03-03)
76 - SWEDEN	Finansinspektionen	Yes (N-76) (93-01-22)	**	Yes (N-76) (93-01-18)	Yes (N-76) (94-04-21)
77 - SWITZERLAND	Commission Fédérale des Banques	Yes (N-77) (93-04-19)	**	Yes (N-77) (93-04-19)	Yes (N-77) (94-03-24)
78 - CHINESE TAIPEI	Securities and Futures Commission	Yes (N-78) (94-08-17)	**		
79 - TANZANIA	Capital Markets and Securities Authority		**		
80 - THAILAND	Office of the Securities and	No (N-80)	**	Yes (N-80)	Yes (N-80)

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	Exchange Commission	(93-12-28)		(93-11-30)	(94-05-19)

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81 - TRINIDAD AND TOBAGO	Trinidad and Tobago Securities and Exchange Commission		**		Yes (N-81) (94-03-01)
82 - TUNISIA	Conseil du Marché Financier		**		Yes (N-82) (94-03-18)
83 - TURKEY	Capital Market Board	Yes (N-83) (93-08-16)	**	Yes (N-83) (93-08-16)	Yes (N-83) (94-04-08)
84 - UKRAINE	Ukrainian Securities and Stock Market State Commission	Yes (96-06-18)	**	No (N-84) (96-06-18)	Yes (96-06-18)
85 - UNITED KINGDOM	Financial Services Authority		**		
86 - UNITED STATES OF AMERICA	United States Securities and Exchange Commission	Yes (N-86) (93-01-06)	**	Yes (N-86) (95-05-23)	Yes (N-86) (94-03-15)
87 - URUGUAY	Banco Central del Uruguay		**		
88 - VENEZUELA	Comisión Nacional de Valores		**		
89 - ZAMBIA	Securities and Exchange		**		

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	Commission				

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ASSOCIATE MEMBERS					
90 - ALBERTA	Alberta Securities Commission		**		
91 - BRITISH COLUMBIA	British Columbia Securities Commission	Yes (N-91) (93-02-02)	**	Yes (N-91) (93-02-02)	Yes (N-91) (94-03-04)
92 - JAPAN	Ministry of Agriculture, Forestry and Fisheries		**		
93 - JAPAN	Ministry of International Trade and Industry (MITI)		**		
94 - JAPAN	Securities and Exchange Surveillance Commission		**		
95 - LEBANON	Banque du Liban		**		
96 - LUXEMBOURG (Grand Duchy of)	Institut Monétaire Luxembourgeois		**		

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97 - UNITED STATES OF AMERICA	Commodity Futures Trading Commission	Yes (N-97) (93-02-04)	**	Yes (N-97) (93-01-25)	
98 - UNITED STATES OF AMERICA	North American Securities Administrators Association, Inc. (NASAA)		**		

* The implementation of this Resolution has been suspended because the International Standards on Auditing to which it referred in October 1992 no longer exist.

The Resolution has not been abrogated because discussions with IFAC are continuing and a possibility remains that this matter can be resolved in the foreseeable future.

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REGULAR MEMBERS						
1 – ALGERIA	Commission d'Organisation et de Surveillance des Opérations de Bourse			Yes (96-07-15)		
2 – ARGENTINA	Comisión Nacional de Valores			Yes (96-12-16)		
3 – AUSTRALIA	Australian Securities and Investments Commission		Yes (95-03-23)	Yes (96-01-08)		
4 – AUSTRIA	Austrian Securities Authority	Yes (94-04-26)	Yes (94-04-26)	Yes (96-03-04)	Yes (N-4) (98-07-31)	
5 – BAHAMAS	Securities Board (The Commonwealth of The Bahamas)	Yes (96-11-21)		Yes (97-11-18)		
6 – BAHRAIN (State of)	Bahrain Stock Exchange			Yes (97-02-27)		

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7 – BANGLADESH	Securities and Exchange Commission			Yes (97-04-02)		
8 – BARBADOS	Securities Exchange of Barbados					
9 – BELGIUM	Commission bancaire et financière	Yes (N-9) (95-05-22)	Yes (N-9) (95-05-22)	Yes (N-9) (96-08-19)	Yes (N-9) (98-07-31)	No (N-9) (98-07-31)
10 – BERMUDA	The Bermuda Monetary Authority	Yes (N-10) (94-03-25)	Yes (N-10) (94-03-03)	Yes (96-03-22)		
11 – BOLIVIA	Superintendencia de Valores					
12 – BRAZIL	Comissão de Valores Mobiliários	Yes (N-12) (98-07-31)	Yes (N-12) (98-07-31)	Yes (N-12) (96-03-13)	Yes (N-12) (98-07-31)	No (N-12) (98-07-31)
13 – BULGARIA	Securities and Stock Exchanges Commission			Yes (97-04-25)		

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14 – CHILE	Superintendencia de Valores y Seguros	Yes (N-14) (97-01-16)		Yes (97-04-04)		
15 – CHINA (People's Republic of)	China Securities Regulatory Commission			Yes (97-05-14)		
16 – COLOMBIA	Superintendencia de Valores		Yes (N-16) (94-04-11)	Yes (96-03-13)		
17 – COSTA RICA	Superintendencia General de Valores			Yes (97-01-29)		
18 – CROATIA (Republic of)	Securities and Exchange Commission					
19 – CYPRUS (Republic of)	Central Bank of Cyprus	Yes (N-19) (94-03-02)	No (N-19) (94-02-25)	Yes (95-10-12)		
20 – DENMARK	Finanstilsynet	Yes (N-20) (95-05-24)	Yes (N-20) (95-01-30)	Yes (97-05-14)		

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21 – DOMINICAN REPUBLIC	Banco Central de la República Dominicana					
22 – ECUADOR	Superintendencia de Compañías			Yes (97-05-09)		

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23 – EGYPT	Capital Market Authority			Yes (96-02-29)		
24 – EL SALVADOR	Superintendencia de Valores					
25 – FINLAND	Financial Supervision Authority	Yes (N-25) (94-09-02)	Yes (N-25) (94-09-02)	Yes (96-03-14)		
26 – FORMER YUGOSLAV REPUBLIC OF MACEDONIA	Securities and Exchange Commission			Yes (96-11-27)		
27 – FRANCE	Commission des Opérations de Bourse	Yes (94-03-09)	Yes (N-27) (94-04-05)	Yes (96-06-11)		
28 – GERMANY	Bundesaufsichtsamt für den Wertpapierhandel (BAWe)	Yes (N-28) (94-03-23)	Yes (N-28) (94-04-18)	Yes (96-06-14)		

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29 – GREECE	Capital Market Commission			Yes (97-03-28)		

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30 – GUERNSEY	Guernsey Financial Services Commission	Yes (N-30) (96-06-24)	No (N-30) (96-06-24)	Yes (96-03-12)		
31 – HONG KONG	Securities and Futures Commission	Yes (N-31) (94-03-04)	Yes (94-02-23)	Yes (96-03-15)		
32 – HUNGARY	Hungarian Banking and Capital Market Supervision	Yes (94-04-22)	Yes (94-04-22)	Yes (96-03-21)		
33 – INDIA	Securities and Exchange Board of India (SEBI)	Yes (N-33) (94-03-09)	Yes (N-33) (98-08-17)	Yes (96-10-21)	Yes (N-33) (98-08-17)	No (N-33) (98-08-17)
34 – INDONESIA	Indonesian Capital Market Supervisory Agency	No (N-34) (94-03-21)		Yes (96-05-02)		
35 – IRELAND	Central Bank of Ireland	Yes (N-35) (94-03-15)	Yes (N-35) (94-03-15)	Yes (96-03-26)		
36 – ISLE OF MAN	Financial Supervision Commission	Yes (N-36) (94-06-01)	No (N-36) (94-02-21)	Yes (96-03-11)		

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37 – ISRAEL	Israel Securities Authority					
38 – ITALY	Commissione Nazionale per le Società e la Borsa	Yes (N-38) (94-11-16)	Yes (N-38) (94-09-22)	Yes (96-04-22)		Yes (N-38) (98-07-31)
39 – JAMAICA	Securities Commission					
40 – JAPAN	Financial System Planning Bureau of the Ministry of Finance	Yes (N-40) (98-08-12)	Yes (N-40) (94-06-20)	Yes (N-40) (96-09-12)		Yes (N-40) (97-08-07)
41 – JERSEY	Jersey Financial Services Commission	Yes (94-04-25)	No (N-41) (96-02-12)	Yes (96-02-12)		
42 – JORDAN	Jordan Securities Commission		No (N-42) (94-03-09)	Yes (96-12-04)		
43 – KAZAKHSTAN (Republic of)	National Securities Commission					

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44 – KENYA	Capital Markets Authority		No (N-44) (94-03-23)	Yes (96-03-04)		
45 – KOREA	Financial Supervisory Commission	No (N-45) (94-03-09)		Yes (96-03-27)		

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46 – KYRGYZ REPUBLIC	National Commission on Securities Market					
47 – LITHUANIA	Lithuanian Securities Commission			Yes (97-03-18)		
48 – LUXEMBOURG (Grand Duchy of)	Commissariat aux Bourses	Yes (N-48) (94-05-13)		Yes (96-01-15)		
49 – MALAYSIA	Securities Commission	Yes (N-49) (94-03-07)		Yes (95-06-28)		
50 – MALTA	Malta Stock Exchange			Yes (97-03-21)		
51 – MAURITIUS (Republic of)	Stock Exchange Commission			Yes (97-01-10)		
52 – MEXICO	Comisión Nacional Bancaria y de Valores	Yes (N-52) (96-07-24)	Yes (N-52) (94-03-28)	Yes (96-05-23)		

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53 – MOROCCO	Conseil Déontologique des Valeurs Mobilières	No (N-53) (97-07-15)	No (N-53) (97-07-15)	Yes (96-11-05)		
54 – NETHERLANDS (The)	Stichting Toezicht Effectenverkeer	Yes (94-03-21)		Yes (96-10-15)		
55 – NEW ZEALAND	Securities Commission	Yes (N-55) (94-06-19)		Yes (94-10-01)	Yes (98-07-15)	
56 – NIGERIA	Securities and Exchange Commission		Yes (N-56) (96-06-27)	Yes (97-02-26)		
57 – NORWAY	Kredit Tilsynet	Yes (N-57) (94-04-08)	Yes (N-57) (96-06-27)	Yes (96-07-19)		
58 – OMAN (Sultanate of)	Muscat Securities Market			Yes (96-12-07)		
59 – ONTARIO	Ontario Securities Commission	Yes (N-59) (95-05-26)	Yes (94-05-25)	Yes (96-05-06)		

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60 – PAKISTAN	Corporate Law Authority / Government of Pakistan			Yes (97-02-27)		
61 – PANAMA	Comisión Nacional de Valores		Yes (N-61) (94-05-18)	Yes (97-10-21)		

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62 – PAPUA NEW GUINEA	Securities Commission					
63 – PARAGUAY	Comisión Nacional de Valores			Yes (97-07-14)		
64 – PERU	Comisión Nacional Supervisora de Empresas y Valores		Yes (N-64) (94-05-11)	Yes (96-03-14)		
65 – PHILIPPINES	Securities and Exchange Commission	Yes (N-65) (94-03-07)	Yes (N-65) (94-03-07)	Yes (97-03-21)		
66 – POLAND	Polish Securities and Exchange Commission			Yes (96-08-13)		
67 – PORTUGAL	Comissão do Mercado de Valores Mobiliários	Yes (N-67) (94-03-11)	Yes (N-67) (94-03-10)	Yes (96-05-15)		
68 – QUEBEC	Commission des valeurs mobilières du Québec	Yes (N-68) (94-05-30)	Yes (N-68) (94-06-02)	Yes (95-07-01)		

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69 – ROMANIA	Romanian National Securities Commission			Yes (97-05-06)		
70 – RUSSIA	Federal Commission for the Securities Market of the Russian Federation			Yes (97-10-10)		
71 – SINGAPORE	The Monetary Authority of Singapore	Yes (N-71) (94-05-05)		Yes (96-03-13)		
72 – SLOVENIA	Securities Market Agency			Yes (96-08-12)		
73 – SOUTH AFRICA	Financial Services Board	Yes (N-73) (94-05-17)	Yes (N-73) (97-07-24)	Yes (97-01-01)	Yes (N-73) (98-07-31)	
74 – SPAIN	Comisión Nacional del Mercado de Valores	Yes (N-74) (94-06-30)	Yes (N-74) (95-05-22)	Yes (96-06-06)		
75 – SRI LANKA	Securities and Exchange Commission of Sri Lanka		No (N-75) (94-03-17)	Yes (96-03-10)		

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76 – SWEDEN	Finansinspektionen	Yes (N-76) (94-04-21)	Yes (N-76) (94-04-21)	Yes (96-03-01)		
77 – SWITZERLAND	Commission Fédérale des Banques	Yes (94-03-24)	Yes (94-03-24)	Yes (96-07-10)		

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78 – CHINESE TAIPEI	Securities and Futures Commission			Yes (96-02-24)		
79 – TANZANIA	Capital Markets and Securities Authority					
80 – THAILAND	Office of the Securities and Exchange Commission	Yes (N-80) (94-04-22)	No (N-80) (94-04-22)	Yes (96-06-14)		
81 – TRINIDAD AND TOBAGO	Trinidad and Tobago Securities and Exchange Commission		No (N-81) (94-03-01)	Yes (97-01-21)		
82 – TUNISIA	Conseil du Marché Financier	Yes (N-82) (94-03-18)	Yes (N-82) (94-03-18)	Yes (97-01-27)		
83 – TURKEY	Capital Market Board		Yes (N-83) (94-04-08)	Yes (96-03-15)		
84 – UKRAINE	Ukrainian Securities and Stock Market State Commission	No (N-84) (96-06-18)	Yes (N-84) (96-06-18)	Yes (96-07-03)		

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85 – UNITED KINGDOM	Financial Services Authority			Yes (96-12-23)	Yes (N-85) (98-07-31)	

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86 – UNITED STATES OF AMERICA	United States Securities and Exchange Commission	Yes (N-86) (94-03-08)	Yes (N-86) (94-03-08)	Yes (96-05-06)	Yes (98-07-31)	Yes (98-07-31)
87 – URUGUAY	Banco Central del Uruguay			Yes (96-05-10)		
88 – VENEZUELA	Comisión Nacional de Valores					
89 – ZAMBIA	Securities and Exchange Commission			Yes (97-03-19)		
ASSOCIATE MEMBERS						
90 – ALBERTA	Alberta Securities Commission			Yes (96-06-07)		
91 – BRITISH COLUMBIA	British Columbia Securities Commission	Yes (N-91) (95-05-26)	Yes (N-91) (97-10-03)	Yes (96-03-12)		

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92 – JAPAN	Ministry of Agriculture, Forestry and Fisheries					

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93 – JAPAN	Ministry of International Trade and Industry (MITI)					
94 – JAPAN	Securities and Exchange Surveillance Commission			Yes (96-09-12)		
95 – LEBANON	Banque du Liban					
96 – LUXEMBOURG (Grand Duchy of)	Institut Monétaire Luxembourgeois			Yes (95-12-21)		
97 – UNITED STATES OF AMERICA	Commodity Futures Trading Commission			Yes (96-05-15)		
98 – UNITED STATES OF AMERICA	North American Securities Administrators Association, Inc. (NASAA)					

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REGULAR MEMBERS			
1 – ALGERIA	Commission d'Organisation et de Surveillance des Opérations de Bourse		
2 – ARGENTINA	Comisión Nacional de Valores		
3 – AUSTRALIA	Australian Securities and Investments Commission		
4 – AUSTRIA	Austrian Securities Authority		
5 – BAHAMAS	Securities Board (The Commonwealth of The Bahamas)		

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6 – BAHRAIN (State of)	Bahrain Stock Exchange		

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7 – BANGLADESH	Securities and Exchange Commission		
8 – BARBADOS	Securities Exchange of Barbados		
9 – BELGIUM	Commission bancaire et financière		
10 – BERMUDA	The Bermuda Monetary Authority		
11 – BOLIVIA	Superintendencia de Valores		
12 – BRAZIL	Comissão de Valores Mobiliários		

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13 – BULGARIA	Securities and Stock Exchanges Commission		

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14 – CHILE	Superintendencia de Valores y Seguros		
15 – CHINA (People's Republic of)	China Securities Regulatory Commission		
16 – COLOMBIA	Superintendencia de Valores		
17 – COSTA RICA	Superintendencia General de Valores		
18 – CROATIA (Republic of)	Securities and Exchange Commission		
19 – CYPRUS (Republic of)	Central Bank of Cyprus		

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20 – DENMARK	Finanstilsynet		

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21 – DOMINICAN REPUBLIC	Banco Central de la República Dominicana		
22 – ECUADOR	Superintendencia de Compañías		
23 – EGYPT	Capital Market Authority		
24 – EL SALVADOR	Superintendencia de Valores		
25 – FINLAND	Financial Supervision Authority		
26 – FORMER YUGOSLAV REPUBLIC OF	Securities and Exchange Commission		

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MACEDONIA			

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27 – FRANCE	Commission des Opérations de Bourse		
28 – GERMANY	Bundesaufsichtsamt für den Wertpapierhandel (BAWe)		
29 – GREECE	Capital Market Commission		
30 – GUERNSEY	Guernsey Financial Services Commission		
31 – HONG KONG	Securities and Futures Commission		
32 – HUNGARY	Hungarian Banking and Capital Market Supervision		

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33 – INDIA	Securities and Exchange Board of India (SEBI)	Yes (N-33) (98-08-17)	Yes (N-33) (98-08-17)

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34 – INDONESIA	Indonesian Capital Market Supervisory Agency		
35 – IRELAND	Central Bank of Ireland		
36 – ISLE OF MAN	Financial Supervision Commission		
37 – ISRAEL	Israel Securities Authority		
38 – ITALY	Commissione Nazionale per le Società e la Borsa		Yes (N-38) (98-07-31)
39 – JAMAICA	Securities Commission		

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40 – JAPAN	Financial System Planning Bureau of the Ministry of Finance	Yes (N-40) (98-08-12)	Yes (N-40) (98-08-12)
41 – JERSEY	Jersey Financial Services Commission		
42 – JORDAN	Jordan Securities Commission		
43 – KAZAKHSTAN (Republic of)	National Securities Commission		
44 – KENYA	Capital Markets Authority		
45 – KOREA	Financial Supervisory Commission		
46 – KYRGYZ	National Commission on		

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REPUBLIC	Securities Market		
47 – LITHUANIA	Lithuanian Securities Commission		

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48 – LUXEMBOURG (Grand Duchy of)	Commissariat aux Bourses		
49 - MALAYSIA	Securities Commission	Yes (N-49) (97-11-27)	Yes (N-49) (97-11-27)
50 – MALTA	Malta Stock Exchange		
51 - MAURITIUS (Republic of)	Stock Exchange Commission		
52 - MEXICO	Comisión Nacional Bancaria y de Valores	Yes (N-52) (98-08-05)	Yes (N-52) (98-08-05)
53 - MOROCCO	Conseil Déontologique des Valeurs Mobilières		

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54 – NETHERLANDS (The)	Stichting Toezicht Effectenverkeer		

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55 – NEW ZEALAND	Securities Commission		
56 – NIGERIA	Securities and Exchange Commission		
57 – NORWAY	Kredit Tilsynet		
58 – OMAN (Sultanate of)	Muscat Securities Market		
59 – ONTARIO	Ontario Securities Commission	Yes (N-59) (98-08-26)	Yes (N-59) (98-08-26)
60 – PAKISTAN	Corporate Law Authority / Government of Pakistan		

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61 – PANAMA	Comisión Nacional de Valores		

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62 – PAPUA NEW GUINEA	Securities Commission		
63 – PARAGUAY	Comisión Nacional de Valores		
64 – PERU	Comisión Nacional Supervisora de Empresas y Valores		
65 - PHILIPPINES	Securities and Exchange Commission		
66 - POLAND	Polish Securities and Exchange Commission		
67 - PORTUGAL	Comissão do Mercado de Valores Mobiliários		

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68 - QUEBEC	Commission des valeurs mobilières du Québec		Yes (N-68) (98-08-13)

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69 - ROMANIA	Romanian National Securities Commission		
70 - RUSSIA	Federal Commission for the Securities Market of the Russian Federation		
71 - SINGAPORE	The Monetary Authority of Singapore		
72 – SLOVENIA	Securities Market Agency		
73 - SOUTH AFRICA	Financial Services Board		
74 - SPAIN	Comisión Nacional del Mercado de Valores		

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75 - SRI LANKA	Securities and Exchange Commission of Sri Lanka		
76 – SWEDEN	Finansinspektionen		
77 - SWITZERLAND	Commission Fédérale des Banques		
78 - CHINESE TAIPEI	Securities and Futures Commission		
79 - TANZANIA	Capital Markets and Securities Authority		
80 - THAILAND	Office of the Securities and Exchange Commission		
81 - TRINIDAD AND	Trinidad and Tobago Securities		

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TOBAGO	and Exchange Commission		
82 – TUNISIA	Conseil du Marché Financier		

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83 – TURKEY	Capital Market Board		
84 - UKRAINE	Ukrainian Securities and Stock Market State Commission		
85 - UNITED KINGDOM	Financial Services Authority		
86 - UNITED STATES OF AMERICA	United States Securities and Exchange Commission		
87 – URUGUAY	Banco Central del Uruguay		
88 - VENEZUELA	Comisión Nacional de Valores		

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89 - ZAMBIA	Securities and Exchange Commission		

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ASSOCIATE MEMBERS			
90 - ALBERTA	Alberta Securities Commission		
91 - BRITISH COLUMBIA	British Columbia Securities Commission	Yes (N-91) (98-08-13)	Yes (N-91) (98-08-13)
92 - JAPAN	Ministry of Agriculture, Forestry and Fisheries		
93 - JAPAN	Ministry of International Trade and Industry (MITI)		
94 - JAPAN	Securities and Exchange Surveillance Commission		
95 - LEBANON	Banque du Liban		

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96 - LUXEMBOURG (Grand Duchy of)	Institut Monétaire Luxembourgeois		
97 - UNITED STATES OF AMERICA	Commodity Futures Trading Commission		
98 - UNITED STATES OF AMERICA	North American Securities Administrators Association, Inc. (NASAA)		

NOTES

REGULAR MEMBERS

N-2 Comisión Nacional de Valores - Argentina

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The International Conduct of Business Principles have already been implemented and are implicitly found in the regulation of the Comisión Nacional de Valores.

RESOLUTION ON MONEY LAUNDERING

We have examined each item of this Resolution. With reference to item 3, this examination has led us to initiate discussions with other national authorities having jurisdiction in this matter, particularly the Banco Central de la República Argentina; we have agreed with them to set up a joint program which includes an evaluation of appropriate methods to identify and report suspicious transactions.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

This information contained in this Resolution is very important for the countries who have capital markets from which have emerged financial conglomerates.

In Argentina, the Comisión Nacional de Valores does not exercise any direct control on financial conglomerates. The responsibility of supervising the financial conglomerates rests with the Banco Central.

N-3 Australian Securities and Investments Commission - Australia

RESOLUTION ON COOPERATION

The Commission has implemented the Resolution on Cooperation and notes that recent legislative changes in Australia now enable the ASIC to consider arrangements with foreign regulators for mutual assistance involving compulsory process.

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The Resolution on Principles for the Oversight of Screen-Based Trading Systems for Derivative Products has been implemented by the ASIC. The ten Principles form part of the ASIC's assessment process for screen-based systems for derivative products.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Australian Securities and Investments Commission has recognized the Principles and has incorporated them in its Corporate Plan objectives for the Australian Securities and Futures Markets. The Corporate Plan states that licensed market participants will be subject to regular review to ensure that they comply both with ASIC requirements and applicable IOSCO Principles. The ASIC is also encouraging other market groups to consider adoption of the Principles. The Australian Stock Exchange has in that regard released a draft discussion paper on the Principles and Code of Conduct for its members which is being reviewed by the ASIC.

RESOLUTION ON MONEY LAUNDERING

The Australian law enforcement environment seem to meet the criteria set out in the seven points of the Resolution.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The Resolution on Supervision of Financial Conglomerates is in the course of being implemented in Australia, and that the parties responsible for implementation include the Reserve Bank of Australia, the Insurance and Superannuation Commission, as well as the ASIC.

N-4 Austrian Securities Authority - Austria

RESOLUTION ON COOPERATION

This IOSCO Resolution has been implemented by the Securities Supervision Act 1996 as amended.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

This IOSCO Resolution has been implemented by the Securities Supervision Act 1996 as amended.

RESOLUTION ON MONEY LAUNDERING

Austria intends to apply the principles of the Resolution of the Presidents' Committee on Money Laundering. For your information, Austria is now drawing up a new banking legislation to this effect.

94-07-14

In Austria a new Banking Act has been approved in July 1993. This Banking Act covers also the area of securities business in relation to money laundering. The Act became effective on January 1st, 1994.

Under the Banking Act 1993 the IOSCO Resolution on Money Laundering has been transposed into national legislation pertaining the financial sector in Austria.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

Austria intends to apply the principles of the Resolution of the Presidents' Committee on the Supervision of Financial Conglomerates in its jurisdiction.

RESOLUTION CONCERNING CROSS-BORDER TRANSACTIONS

This IOSCO Resolution has been implemented by the Securities Supervision Act 1996 as amended.

N-9 Commission bancaire et financière - Belgium

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

First Principle
The demonstration of the system sponsor will need to be made with the Government Commissioner.

Second Principle
The Belfox system is designed to follow this Principle.

In addition, Belfox has the obligation to largely circulate information outside the restricted number of participants; Article 8, S 1st, 10E indicates that Belfox must maintain market transparency by:

a. the daily transmission to the public of information on market transactions;

b. the immediate circulation to the public of specific informations mentioned in the regulation.

This information must be circulated without any form of discrimination at cost price.

Fourth Principle
The Belfox system ensures fair treatment to all participants.

Sixth Principle
Belfox has special regulation concerning system access by market intermediaries and their staff. Denial of access to the system can appealed to the Minister of Finance.

Ninth Principle
System customers are adequately informed following Article 17 of the April 10, 1991 Royal Decree concerning Belfox:

"Article 17. Belfox s.c. prepares a standard note of information on Delfox, on Belfox s.c., on their organization, and operations, on the type of contracts negociated, on the regulatory set-up, on the risks associated with the futures and options contracts and on the general rights and obligations of the clients. This note of information is approved by the Commission and, if necessary, up-dated by Belfox s.c.

The information mentioned in the first paragraph represents a minimum core of information which is binding for Belfox members and which must be individually sent to each client before the contract mentioned in Article 18, S 4 is signed."

The Banking Commission, who is responsible for the supervision of the Belfox market, has adopted the ten IOSCO Principles for the Oversight of Screen-Based Trading Systems. The Banking Commission is according particular importance to the Principles 3, 5, 7, 8 and 10 which cannot be directly transposed in the regulation.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles are incorporated both in the current regulation and in the recent law implementing the I.S.D. into the Belgian regulation.

RESOLUTION ON MONEY LAUNDERING

Belgian has a law on the prevention of utilization of the financial system for money laundering.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The Banking and Finance Commission has accepted the Resolution Concerning Transnational Securities and Futures Fraud and that it is authorized by law to cooperate and exchange informations with comparable supervisory authorities.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

It is the supervisory authority of Belfox and the recent law on the implementation of ISD encharges the BFC with a control on second line of the Stock Exchanges.

N-10 The Bermuda Monetary Authority - Bermuda

RESOLUTION ON COOPERATION

The Authority currently has a Memorandum of Understanding with The Securities and Investments Board of the United Kingdom and has recently signed a Confidential Undertaking with the U.S. Commodity Futures Trading Commission. The Authority is considering entering into other similar arrangements with other supervisory and regulatory bodies, consistent with the laws in Bermuda.

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

In addition to The Bermuda Stock Exchange, the Authority has been working closely with the Bermuda Commodities Exchange, which is expected to be fully operational in 1997, to ensure that its screen-based trading system is consistent with these principles.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Authority advises that in January 1994, a *Code of Business Practice and Standards of Professional Conduct* was introduced for practitioners in the domestic investment

services industry in Bermuda, which incorporates the principles contained in this Resolution.

RESOLUTION ON MONEY LAUNDERING

In October 1991, the Authority introduced a *Code of Conduct on Money Laundering for Financial Institutions to Assist in the Detection and Disclosure of Information with Respect to the Criminal Use of the Systems Operated by Financial Institutions.*

In September 1995, the Code was amended to include investment service providers. Consequently, banks, deposit companies, the credit union, trust companies and investment service providers have entered into a new agreement known as the *Code of Conduct to Assist in the Detection and Disclosure of Information with Respect to the Criminal Use of the Systems Operated by Banks, Deposit Companies, Credit Unions, Trust Companies and Investment Service Providers (Money Laundering).*
The Bermuda Government is currently considering a draft bill entitled *"The Proceeds of Crime Act"* which will criminalise the laundering of the proceeds of criminal conduct (not only of drug trafficking) and provide for the confiscation of such proceeds. It creates the related offences of failure to disclose knowledge or suspicion of money laundering and of tipping off persons about investigations. In addition, it imposes specific duties on certain sectors of the financial community referred to as "regulated institutions" in respect of procedures regarding identification, record-keeping, internal reporting and training.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The Authority advises that Bermuda intends to use the principles contained in the Resolution as a guide in the development of its supervisory system covering financial conglomerates.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The Authority advises that consistent with Bermuda's domestic statutory and regulatory provisions and the resources available, it will introduce and implement the measures embodied in IOSCO's Resolution Concerning Transnational Securities and Futures Fraud at the earliest opportunity.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The Authority advises that its accounts have been produced in accordance with standards of the Canadian Institute of Chartered Accountants, the Institute with which the Institute of Chartered Accountants of Bermuda is affiliated and the International Accounting Standards (IAS).

IAS have not yet been formally adopted by Bermuda's financial institutions.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The Authority advises that although there is at present no domestic derivative markets in Bermuda, it will nevertheless, when appropriate, introduce and implement the measures embodied in IOSCO's Resolution Concerning Coordination Between Cash and Derivative Markets.

N-12 Comissão de Valores Mobiliários - Brazil

RESOLUTION CONCERNING MUTUAL ASSISTANCE

The CVM has signed the Rio Declaration as it was issued, on November 1986.

RESOLUTION ON COOPERATION

The CVM is committed to negotiating bilateral and / or multilateral understandings enabling mutual cooperation and assistance and, subject to appropriate national law, the obtainment of information and documents on a reciprocal basis. The CVM has already signed 20 such understandings, with the following regulators:

Australian Securities and Investments Commission - Australia
China Securities Regulatory Commission - China
Comisión Nacional Bancária y de Valores - Mexico
Comisión Nacional de Valores - Paraguay
Comisión Nacional de Valores - Argentina

Comisión Nacional de Valores - Bolivia
Comisión Nacional del Mercado de Valores – Spain
Comisión Nacional Supervisora de Seguros y Valores - Peru
Comissão do Mercado de Valores Mobiliários - Portugal
Commission des Opérations de Bourse - France
Commission des valeurs mobilières du Québec - Quebec
Commissione Nazionale per le Società e la Borsa - Italy
Securities and Exchange Commission - Thailand
Securities and Futures Commission - Hong Kong
Securities and Futures Commission - Taiwan
Securities Commission - Malaysia
Superintendencia de Compañias - Ecuador
Superintendencia de Valores y Seguros - Chile
Commodity Futures Trading Commission - United States of America
United States Securities and Exchange Commission - United States of America

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

Derivative products are not currently traded on existing screen-based trading systems in Brazil. The IOSCO recommendations have already been adopted by existing systems.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles are applied by the CVM since its establishment in 1977.

RESOLUTION ON MONEY LAUNDERING

Brazilian regulation complies with the principles to protect securities markets against money launderers. At the beginning of 1998, a new law came into force. Compliance with the Resolution is detailed below:

1. **The extent to which customer identifying information is gathered and recorded by financial institutions under its supervision, with a view to enhancing the ability of relevant authorities to identify and prosecute money launderers;**

In accordance with Law No. 9613/98 (Article 10), financial institutions must keep their records updated, including the identification of their clients. In addition, they must keep recorded all transactions made in foreign or domestic currency, securities, bills of exchange, metals, or any asset which may be converted into cash and that exceeds the limit established by the relevant authority.

Law No. 8021/90 states that in all financial transactions, the beneficial owner has to be duly identified and that no securities may be in the bearer form.

CVM Rule No. 220/94 defines that customers must be duly identified. Although broker information is not standardized, customers must also be registered in the stock exchange in a standard basis in order to issue orders.

Even though Rule No. 220 does not apply to futures exchanges, their by-laws require that brokers keep records containing at least the same data that is required by stock exchanges.

In addition, all persons willing to transact securities through stock and futures exchanges must be identified through an individual number provided by the exchange.

In fact, Brazilian stock exchanges issued rules concerning broker's probity principles and generic definitions on receiving and registering orders, providing brokers with the basis to prepare their own internal rules.

The practical consequences of these procedures are that each broker has to register each operation, either in written or electronic form, including the type of the order, the security's type, quantity and price, the time at which the transaction is held, and the customer's stock exchange number, through which all information concerning the previously described customer identification may easily be traced. It is also important to note that the beneficial owner's name is available two days after the operation is carried out.[1]

In addition, stock exchanges keep daily records of operations, including the issuer and type of the securities traded, quantity and the time of trading, and the broker-dealer that

[1] The settlement in Brazil is accomplished three days after trading (T + 3).

conducted the purchase and the sale. The CVM can monitor this information instantly through stock exchange terminals. All this information must be kept for five years (Rule No. 220).

2. The extent and adequacy of record-keeping requirements, from the perspective of providing tools to reconstruct financial transactions in the securities and futures markets;

The records mentioned above must be conserved during the minimum period of five years, counting from the closing of the account or the conclusion of transactions. This period can be enlarged by the relevant authority (Law 9613, Article 10).

3. Together with their national regulators charged with prosecuting money laundering offenses, the appropriate manner in which to address the identification and reporting of suspicious transactions;

The financial institutions must inform to the relevant authority, in a twenty-four-hour period, every financial transaction that exceeds the limit established by the relevant authority and operation performed or proposed by clients that appears to be fraudulent or related to money laundering (Law 9613, Article 11).

In addition, relevant authorities inform the Public Attorney every time they detect possible law breaches.

4. The procedures in place to prevent criminals from obtaining control of securities and futures businesses, with a view to working together with foreign counterparts to share such information as needed;

Law 9613 (Article 8) states that if there is an international agreement or convention and a foreign relevant authority requirement, the judge will determine the freezing of the assets raised from the crime. This is also applicable, independently of the international agreement or convention, when the government of the requiring authority provides the same treatment to the Brazilian government.

Therefore, if there is not an international agreement or convention, the assets frozen by a foreign relevant authority or the resources coming from their realization will be shared between the requiring State and Brazil, in the proportion of 50% each.

5. **The appropriate means to ensure that securities and futures firms maintain monitoring and compliance procedures designed to deter and detect money laundering;**

Law 9613 (Article 9) states that all institutions that execute financial activities, including stock and futures exchanges, are obliged to keep their records updated, including the identification of their clients and of every financial transaction.

The CVM has a special department (Market Surveillance Department), to supervise this activity.

6. **The use of cash and cash equivalents in securities and futures transactions, including the adequacy of documentation and the ability to reconstruct any such transactions;**

The transactions on stock and futures exchanges must be performed through broker-dealers and all their customers must have individual and registered accounts. Therefore, if one wishes to acquire shares by cash he will first have to deposit the amount in that account and will thus be identified. This is reinforced by the provisions of Law 8021 (please refer item 1).

7. **The most appropriate means, given their particular national authorities and powers, to share information in order to combat money laundering;**

The CVM is expecting the approval of a new law, which will facilitate the lifting of bank secrecy provisions and may allow this information to be shared with foreign securities and exchange commissions.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The CVM directly complies with most of the sub-items of the Resolution (1, 2, 3, and 4). Some fraudulent boiler room operations do occur in Brazil domestically, not on a transnational basis. In order to prevent such fraud, the CVM has launched an investor education program, with the creation of a specific department. Practical actions included a toll-free line (through which investors can make any queries and complaints), a specific section on our web site concerning investor protection, town meetings, TV advertisement,

and the distribution to the general public of three different brochures on investor education and protection.

As mentioned in the Resolution on Cooperation, the CVM has already signed several memoranda of understanding with securities regulators, all of which provide the fullest mutual assistance possible, which may include transnational fraudulent activities of boiler rooms.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The CVM already encourages the preparation of cash flow statements by public companies. A project, establishing that the presentation of cash flow statements is mandatory, substituting the statement of changes in financial position, will be submitted for Congress approval later in 1998.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The CVM endorses and follows all the recommendations set forth by the Presidents' Committee. The CVM, as the only regulator of cash and derivatives markets as far as stock indices are concerned, is empowered to pursue a sole policy towards the coordination between cash and derivatives markets, and does so according to IOSCO recommendations. Similarly, as mentioned at our endorsement of the IOSCO Resolution on Cooperation, the CVM has already signed several MOUs with other market authorities aiming at the sharing of information and common action. The CVM is also actively engaged in all related discussions at international level.

RESOLUTION ON COMMITMENT TO BASIC IOSCO PRINCIPLES OF HIGH REGULATORY STANDARDS AND MUTUAL COOPERATION AND ASSISTANCE

The CVM has completed the Self-Evaluation Questionnaire and has also signed the Member Statement, commiting itself, to the fullest extent possible, to IOSCO's Principles of High Regulatory Standards and Mutual Cooperation and Assistance.

RESOLUTION CONCERNING CROSS-BORDER TRANSACTIONS

As a signatory of the Windsor Declaration, the CVM corroborates the endorsement and promotion of its measures to all cross-border transactions.

RESOLUTION ON PROVIDING CERTAINTY OF THE ENFORCEABILITY OF NETTING ARRANGEMENTS FOR OVER-THE-COUNTER DERIVATIVES TRANSACTIONS

This Resolution is not applicable to Brazil, since there are no such netting agreements. Nevertheless, the CVM has been engaged in following the development of the related discussions about the topic worldwide. The CVM plans to draft a proposal for the introduction of netting agreements for OTC derivatives in due course.

N-14 Superintendencia de Valores y Seguros - Chile

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The futures screen-based trading systems of Chile are regulated by rules which follow the principles contained in the IOSCO Resolution.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

Most Principles are implemented through the existing regulation.

Principle No. 4 - Information About Customers
Not implemented.

RESOLUTION ON MONEY LAUNDERING

Report Concerning the Money Laundering Regulation in Chile
The following comments can be made concerning this regulation:

a) With respect to the information related to the identification of clients:

The following can be said concerning the rules which call for a detailed identification of clients by market intermediaries:

(a.1.) Section 34 of Law No. 18.045 of 1981 on the securities market indicates that: "Brokers are responsible for the identity and honest character of their clients, for the good value of the securities that they trade, for the inscription of the last securities holder in the registry of the issuers, if necessary, and of the good value of the last endorsement."

(a.2.) General Rule No. 12 of July 12, 1987 mentions that in Chapter A.1 of Section A brokers must complete a file on each client containing information on his identity and, in the case of an individual, which mentions the following information:

(1) matching identification on the fiscal list;
(2) name and surname;
(3) personal address;
(4) personal telephone number;
(5) marital status and name of spouse, in the case of a married person;
(6) professional function with the name, address and telephone number of the employer;
(7) name of the account administrator and copy of the administration contract.

In the case of a legal person the following information must be mentioned:

(1) matching identification on the fiscal list;
(2) name and specific business name when used;
(3) name of the general manager;
(4) address and telephone number;
(5) name and function of the persons authorized to give trading instructions to the broker.

b) Concerning the preservation of documentation:

Rules enabling the reconstruction of trades by the preservation of the appropriate documentation are in some cases indirect. These rules are mentioned at

Section 32 (a) of Law No. 18.045 of 1981, which indicates that brokers must complete and keep all the books and registers prescribed by law (ref. Section A of General Rule No. 12) and by the regulation of the Superintendencia.

c) Concerning the identification of suspect transactions:

The following can be said concerning the procedure authorized by law to identify and expose suspicious transactions:

(c.1.) Section 4 of Decree No. 3.538 of 1980 (Law of the Superintendencia de Valores y Seguros) gives the following authority to the Superintendencia:

(1) Paragraph (b) mentions the power to "receive and investigate the denunciations made by the shareholders, the investors or other interested parties".

(2) Paragraph (d) mentions the power to "examine all the transactions, material goods, books, registers and documentation of the persons under investigation and to request from their administrators' counsel and staff all the necessary information".

Financial statements can be required to check some information, along with all other pertinent documentation, without however unduly hampering the normal operations of the affected person.

Notwithstanding a few exceptions authorized by the Superintendencia, all books, archives and documentation of the organizations or individuals under its jurisdiction must be constantly available for examination at their principal business place.

(3) Paragraph (f) mentions the power to obtain information from "the employees and external auditors of the persons under investigation".

(4) Paragraph (h) mentions specific powers to obtain information from all the related persons to a transaction or to a person under investigation.

(c.2.) Paragraph (g) of Section 26 of Law No. 18.045 of 1981 indicates that all registered brokers must confirm, to the satisfaction of the Superintendencia, that they have not been condemned for offenses under the above mentioned law, for an economic crime under Decree No. 280 of 1974 and in general must not have a criminal record.

The second paragraph of Section 27 of Law No. 18.045 indicates that the directors and officers of companies must individually meet the criteria of the above mentioned paragraph (g) of Section 26.

Section 45 bis of the Banking Law mentions that everyone, who obtains credit from any public or private banking institution, by providing incomplete or false information on his identity, activities or financial situation and causes prejudice to the banking institution, is liable of a prison sentence of medium to long duration.

d) Concerning the control of companies by persons having a criminal record:

Paragraph (g) of Section 26 of Law No. 18.045 contains rules preventing the control of companies by persons having a criminal record.

The Chilean police force is responsible for investigations related to the identity and activities of foreign investors in Chile and for the exchange of information in that regard.

e) Concerning the detection of money laundering activities:

The existing regulation adequately compels market intermediaries to put in place and maintain at all times control measures to detect money laundering operations. A special Government Commission has presented a complete set of recommendations for additional measures in that regard, which will be implemented starting in 1994.

f) Concerning cash payments:

Chapter A.2 of Section a of General Norm No. 12 contains provisions in that regard for securities transactions.

94-08-11

There has been no change in the information that we provided on March 22, 1993. However, there is a bill concerning this offence, that would increase the investigation powers and provide for stronger penalties. As soon as this bill will be approved by Congress, I will send you up-dated information.

96-06-24

In February 1995, the Chilean Congress approved a law to prevent illicit traffic on drugs giving the Consejo de Defensa del Estado (public institution in charge of the defence of Nation's interests) considerable power to prevent and to combat the uses of money laundering.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The Superintendencia de Valores y Seguros and the Superintendencia de Bancos e Instituciones Financieras consider that the IOSCO Resolution on the Supervision of Financial Conglomerates is very important.

Both agencies work together to establish the regulation that applies to financial conglomerates and to determine the risk levels associated with their operations. In Chile financial institutions generally cannot directly hold an interest in another financial institution. Only indirect ownership through a holding company is authorized.

Banks can however have brokerage subsidiaries, with strong restrictions on the operations that they can do in the accounts that they may have with those subsidiaries.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The Resolution Concerning Accounting Standards IAS 7 has been established for corporations on January 16, 1997, through an amendment of the Rule N° 239.

N-16 Superintendencia de Valores - Colombia

RESOLUTION ON MONEY LAUNDERING

In its effort to control laundering of the proceeds of illegal activities, the Colombian Government, in accordance with the Resolution of IOSCO Presidents' Committee on Money Laundering approved on July 7, 1992, adopted on November 20, 1992, Decree 1872 "which controls the activity of institutions under the oversight of the Superintendencia Bancaria (Office of Banking Supervision) and the Superintendencia de Valores". This Decree introduces some requirements for financial institutions under the oversight of the Superintendencia Bancaria, and extends them to the institutions under the oversight of the Superintendencia de Valores.

Subsequently, this Decree together with its amendments (Decree 02 of 1993) were incorporated in the Organic Law of the Colombian Financial System, in Articles 102 and following. In this manner, the system of prevention of money laundering through the financial and securities industry was raised to the level of legislation.

1. Nature of the Activities

1.A. Financial Institutions

A.1. Legal Regime

- *General Regime*

First, the Organic Law provides that financial institutions shall take appropriate and adequate control measures to prevent that, in the course of their activities and operations, they be used as instruments for concealing, handling, investing or profiting, in any way, from money or other assets derived from criminal activities or to give a legal appearance to criminal activities or to transactions or money linked with such activities.

These mechanisms or control measures must be complied with by the legal representatives, directors, managers and employees of supervised institutions.

- *Control Mechanisms*

As a development of this general duty, financial institutions are required to adopt mechanisms and clear rules of conduct to be complied with by their legal representatives, directors, managers and employees, in order to meet the following objectives:

1. Adequate knowledge of the economic activity carried out by their clients, its size, the basic features of the transactions they make regularly and, more particularly, the activity of the customers who make any kind of sight, term or savings deposit, who commit assets in trust or who deposit them in safety deposit boxes.

2. Ascertaining the frequency, volume and characteristics of the transactions of their users.

3. Determining whether the economic activity of customers is consistent with the volume and movement of their money.

4. Immediate reporting to the Public Prosecutor's Office (within five working days after the fact) or to the special services of the Criminal Investigation Department designated by this Office, of any relevant information concerning the handling of money in a quantity or with characteristics inconsistent with the economic activity of clients or on transactions of users which, by reason of their number, of the amounts transacted or of their particular characteristics, may reasonably lead to suspect that they are using the financial institution to transfer, handle or profit from money or funds derived from criminal activities.

The control and auditing mechanisms adopted by financial institutions concern exclusively the transactions, operations or balances of amounts above those that they fix as reasonable and adequate.

To fix the reasonableness and adequacy of the amounts for the amounts, account has to be taken of the type of business of the corresponding financial institution, the extent of its network, the procedures for clients selection, the marketing of its products, its operational capacity and its level of technological development.

- *Control of Cash Transactions*

Individual Form

On the other hand, an obligation has been established to document adequately cash transactions. To this effect, it has been provided that any institution shall register, in a special form, information concerning transactions it makes, in national or foreign currency, for a value above the amounts that the Superintendencia Bancaria sets periodically.

Through Circular 075 of 1992, the Superintendencia Bancaria has set the amount in national currency at 7.5 million Pesos, an amount which, at that time, was the equivalent of ten thousand dollars. As for transactions in foreign currencies, the amount was set at ten thousand dollars or the equivalent in other currencies.

It is provided that multiple transactions in cash, both in national currency and in foreign currencies, when in the aggregate they exceed the amounts specified, are to be considered as a single transaction if they are made for the benefit of a determined person during a single day or any other period set to this effect by the Superintendencia Bancaria.

Register of Transactions

When the course of business of a particular client implies making regularly many cash transactions, the financial entity is allowed to keep a register of cash transactions, instead of filling the individual form for each transaction. In this register, the same information has to be entered as in the individual forms, though in aggregated form.

Financial institutions that opt for this procedure are required to notify monthly the Superintendencia Bancaria of the persons that are subject to it.

Similarly, financial institutions are required to designate employees responsible to check that these controls and procedures have been followed adequately.

Periodical Information

Finally, financial institutions are required to report to the Superintendencia Bancaria in the months of January, April, July and October of each year the number, and the class, of transactions made during the preceding quarter.

- *Secrecy Concerning Reported Information*

In relation with the obligation to report information immediately, the institutions and their officers are not allowed to disclose to the persons who would have made or would intend to make suspicious transactions that they have reported information on these transactions to the Public Prosecutor's Office and they shall maintain secrecy about this information.

Moreover, without prejudice to the obligation mentioned in the preceding paragraph, financial institutions will be required to submit information obtained in the application of the control mechanisms adopted only when it is requested by regional directors or section directors of the Public Prosecutor's Office, which can request it exclusively for the purposes of investigations about offences in their jurisdiction.

The authorities that have knowledge of the information and the documents pertaining to the whole system of control shall also be bound by secrecy.

- *Sanctions for Lack of Adoption or Application*

The Organic Law of the Financial System provides that any contravention to the rules concerning control mechanisms, either the non-adoption or the non-application, will entail the imposition of administrative sanctions, without prejudice to the eventual penal consequences.

Article 209 of the Organic Law sets administrative sanctions that may be imposed personally on any director, manager, auditor or other officer or employee of supervised institutions who authorizes or executes acts contrary to the Law. Sanctions range from fines in favour of the National Treasury to immediate transfer of the offender, the transfer being notified to all supervised institutions.

Article 211 of the Organic Law sets administrative sanctions that may be imposed on the institutions; they consist of successive fines, in an amount proportionate to the seriousness of the offence.

A.2. Measures Adopted by the Financial Institutions

- *Agreement Between the Institutions*

On October 21, 1992, the Board of the Asociación Bancaria y de Entidades Financieras de Colombia (Asobancaria) adopted an "Agreement on the role of the financial system in the direction, prevention and suppression of movements of illicit money". In general terms, the agreement constitutes an endorsement of a set of principles, on the basis of which each institution will establish its own code of conduct:

- Selection, identification and knowledge of its economic activities;

- Knowledge of the customer and of his transactions with the financial institution;

- Registration and documentation of cash transactions;

- Cooperation with Authorities through provision of information for purposes of investigations and evidence.

- *Basic Uniform Code of Conduct*

Subsequently, in order to ensure a higher degree of uniformity in the adoption of internal measures, Asobancaria prepared a Basic Uniform Code of Conduct, which was used by financial institutions in order to establish their own codes of conduct, as was required by Decree 1872. In this manner, all Colombian financial institutions have established their own codes of conduct, in conformity with the conditions set out by the Government and along the guidelines provided by Asobancaria.

This Code of Conduct was designed with the objective to bring the Colombian financial system in line with international standards in this area, including the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, known as the Vienna Convention, the Recommendation of the Council of Europe of June 27, 1980, the Statement of Principles adopted in December 1988 by the Basle Committee, the recommendations of the Inter-American Drug Abuse Control Commission (CICAD), which is part of the Organization of American States, and the recommendations of the Economic Summit (or Group of 7) Financial Action Task Force on Money Laundering.

- *Codes of Each Entity*

Consequently, all financial institutions have adopted internal standards of conduct, under which are implemented the control mechanisms discussed. Moreover, institutions report to the Superintendencia Bancaria, on a periodical basis and occasionally, on the results of their control procedures. The Superintendencia supervises adequately compliance with these requirements.

B. Institutions Supervised by the Superintendencia de Valores

Decree 1872 extended the obligations imposed on financial institutions to securities firms and mutual fund managers supervised by the Superintendencia de Valores.

Taking into account the special nature of securities transactions, and their substantial difference with bank transactions, it is not viable to exercise a control similar to the one established for institutions supervised by the Superintendencia Bancaria, particularly because in the securities market there are generally no cash transactions.

It has been considered that this is a function which should be exercised by the Stock Exchanges in their self-regulating role. The Superintendencia de Valores required the Stock Exchanges to include the control mechanisms in their internal regulations. These regulations were to be amended to incorporate these measures and the amendments were to be authorized by the Superintendencia de Valores.

During the past year, work has been done on a draft unifying the regulations of the three Stock Exchanges of the country, with amendments that were judged pertinent, a process which entailed some delay. At the present time, the Superintendencia is considering the draft unified regulations of the three stock exchanges, in order to authorize the amendments. It is expected to authorize, in the next days, the new unified regulations, which include a chapter on the control of criminal activities, entitled Regulation for the Prevention and Detection of Exchange Transactions with Money Derived from Criminal Activities.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

I wish to inform you that, in our country, foreign securities may be traded and that national companies may list securities issued in other countries; in both cases, our authorization is required. In Colombia, it is not possible to make transnational transactions as such, not even in the futures market, which is still at the design stage.

In any case, we want to express our willingness to provide full cooperation to any similar body in order to promote the ideas contained in the Resolution.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

Concerning the derivative market, it doesn't exist yet in Colombia. We are presently working at its implementation, beginning with interest rates and foreign exchange rates. Derivatives on indices are not envisaged for the near future.

At the present stage of development of the futures market, the Resolution you sent us will be useful concerning derivatives above mentioned and derivatives on indices.

N-17 Superintendencia General de Valores - Costa Rica

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

On April 21, 1994, the Board of the Superintendencia General de Valores accepted during Session No. 158-94 - Article 5 - the Resolution of the Presidents' Committee of IOSCO approved at the XVIIIth Annual Conference.

N-19 Central Bank of Cyprus - Cyprus (Republic of)

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Central Bank of Cyprus has however recognized the Principles. Subject to the enactment of authorizing legislation, the Central Bank of Cyprus intends to fully implement the Principles in the regulation which should be subsequently issued.

RESOLUTION ON MONEY LAUNDERING

Since 1989, the Central Bank of Cyprus has issued various circulars and recommendations to the financial sector designed to combat money laundering through the financial system. All banks in Cyprus, both domestic and offshore, and all Offshore Financial Services Companies (OFCs) have been requested to implement the following:

a) Customer identification (know your customer) by means of supporting documentary evidence. Banks and OFCs should not keep anonymous accounts or accounts in fictitious names.

b) Record-keeping rules which will facilitate money laundering investigations under the provisions of the law.

c) Banks and OFCs should exercise due diligence in all complex and unusual transactions.

d) Banks and OFCs should actively cooperate with the Police and the Unit Against Money Laundering to whom they should report their suspicions relating to money laundering.

e) Banks and OFCs should establish adequate internal control procedures to forestall and prevent operations related to money laundering.

f) Banks and OFCs should arrange in-house training programmes for their employees on the prevention and combating of money laundering.

g) Banks which are SWIFT users, as well as other banks which are effecting fund transfers by other electronic means, should always identify and give details on both the ordering and beneficiary customers and the name of the financial institution which has initiated the payment for the ordering customer.

h) Since September 1990, all banks in Cyprus, both domestic and offshore have been required to submit to the Central Bank a monthly statement of their cash deposits and unusual fund transfers in excess of the equivalent of 10 000$ U.S. per transaction. Following the Central Bank's request, all banks have adjusted their computerised accounting systems so as to enable them to identify immediately all cash deposits in excess of the limit set above. The instant detection of cash transactions has particularly enhanced the ability of banks to identify and monitor all transactions of a suspicious nature.

In June 1992, legislation was enacted to give effect to the provisions of the Vienna Convention under which drug money laundering was defined and criminalised.

In April 1996, new legislation was enacted for the purpose of giving effect to the provisions of the Council of Europe's convention. The main provisions of the new law (*"The Prevention and Suppression of Money Laundering Activities Law of 1996"*), which largely incorporates all the provisions of the 1992 law, but goes beyond the scope of that law, are the following:

- it defines and criminalises laundering of proceeds from serious criminal offences in addition to drug trafficking which was criminalised by the previous law;

- provides for the confiscation of proceeds from serious crime;

- requires suspicion of money laundering to be reported to a "Special Unit Against Money Laundering" composed of representatives of the Attorney General, the Chief of Police and the Director of Customs and Excise, without this being treated as a breach of confidentiality;

- empowers the courts of law to order the disclosure and production of information held by any person, including banks, related to money laundering investigations;

- there are special provisions relating to financial business, which include, inter alia, requirements for customer identification and the appointment of a "Money Laundering Compliance Officer" to whom report is to be made of any transaction suspected to be associated with money laundering and who will evaluate the information and communicate it to the Special Unit established by the law.

Under the new legislation, supervisory authorities, including the Central Bank of Cyprus, have been empowered to issue guidance notes to persons falling within their supervisory responsibility and report non-compliance with the provisions of the law to the Office of the Attorney General for action. All circulars and recommendations issued by the Central Bank of Cyprus so far, will be reissued so as to be legally binding under the provisions of the new law. To this end, on June 2nd, 1997, the Central Bank proceeded with the issuance of a guidance to all banks in Cyprus which prescribes, in a quite detailed manner, the practice to which banks should adhere in order to comply with the requirements of the Law on the subject of customer identification. Specifically, the guidance deals with the verification procedures to be applied for the establishment of the identity of both personal and corporate customers (domestic, offshore or foreign) as well as the evidence to be obtained to satisfy the said requirements. Other guidance notes on other topics will be issued in the near future.

The Central Bank of Cyprus is constantly promoting greater awareness of the serious issue of money laundering through:

- the circulation to banks of extensive lists showing examples of suspicious transactions comprised of warning signs and characteristic behaviour patterns of money launderers; and

- organising on its own initiative training seminars or prompting banks to promote their own in-house training system.

The Central Bank has for many years operated a strict regulatory framework aimed at preventing the abuse of the offshore sector by criminals. Offshore companies are required to:

- divulge the names of their beneficial owners to the Central Bank;

- submit good bank references on behalf of their beneficial owners from banks located in their home country;

- prepare and submit annual accounts to the Central Bank, after they have been audited by Cypriot accountancy firms;

- file with the Central Bank a Confidential Annual Return which provides information on the company's directors, expatriate employees, financial highlights, analysis of local expenditure and local presence details; and

- obtain temporary residence / employment permits for their expatriate employees. These permits can be revoked if expatriates are discovered to be involved in unlawful activities.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

Most of the measures referred to in the Resolution are already applied in Cyprus.

RESOLUTION ON ACCOUNTING STANDARD IAS 7

The International Accounting Standards constitute the accounting standards applied in Cyprus.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

At present there is no derivative market in Cyprus, and consequently the provisions of the above Resolution are inapplicable.

N-20 Finanstilsynet - Denmark

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The majority of the objectives which appears from the Resolution on the Principles for the Oversight of Screen-Based Trading Systems for Derivative Products are being supervised by the Supervisory Authority.

I do not think there at the moment is any reason for implementing the Principles in Danish jurisdiction for the Danish securities market, but of course they will be an inspiration for the supervision as it is at the moment as well as coming legislation.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The principles of Business Conduct are not implemented in the Danish legislation as law, but are in fact a part of it.

RESOLUTION ON MONEY LAUNDERING

Having carefully examined the Resolution on Money Laundering the Danish Financial Supervisory Authority finds these principles right and useful.

Denmark has on June 9, 1993 implemented Council Directive No. 91/308/EEC, Official Journal of the European Communities. The Danish Act No. 348 of June 9, 1993 on measures to prevent money laundering came into force on July 1st, 1993.

According to Section 1 in the Act on measures to prevent money laundering, the Act applies to individuals or credit and financial institutions exercising, for example acceptance of deposits and other repayable funds from the public, lending, financial leasing, money transmission services, guarantees and commitments, trading for own account or for account of customers in money market instrument, etc. According to the preliminary works of the Act, stock broking companies are comprised as well. Also life assurance companies, pension funds and foreign credit and financial institutions operating in Denmark through a branch office are comprised by this section.

According to Section 2 the definition of money laundering is the same as in the Vienna Convention, Section 3.

The companies shall according to Section 3 in the Act draw up written internal rules on adequate control and communication procedures for their employees.

The companies comprised by the Act shall demand that their customers provide proof of identity when establishing business relationships with them.

If a company knows or suspects that a transaction is carried out on behalf of a third party, the identity of the third party shall be stated.

According to Section 9, information on proof of identity shall be stored for a minimum of 5 years.

If there is a suspicion that a transaction is associated with money laundering the company shall investigate it. If the suspicion cannot be disproved, the transaction shall be suspended until the police has been informed. The police can demand any information that are necessary in the case according to the rules of the Administration of Justice Code, Section 10.

If the Danish Financial Supervisory Authority learns of circumstances that are presumed to be associated with money laundering, it shall inform the police accordingly, Section 11.

In the Commercial Banks and Savings Banks, etc. Consolidated Act No. 57 of February 2nd, 1993, Section 7 b (1), the Danish Financial Supervisory Authority shall be notified of and in advance approve any natural or legal person's direct acquisition of a qualifying holding in a credit institution and of such increases in the qualifying holding which cause it to be or exceed a limit of 20 per cent, 33 per cent and 50 per cent, respectively, or the credit institution to become a subsidiary. According to subsection (3), any acquisition or increase in the holding as mentioned in subsection (1) hereof shall only be approved, if this does not conflict with the regard to secure safe operation of the credit institution.

According to Section 7 c (1) the Danish Financial Supervisory Authority has the possibility to annul the voting right attaching to the holdings of the owners concerned, or order the credit institution to follow specific guidelines, if capital owners having one of

the holdings as laid down in Section 7 b (1) counteracts the safe operation of the credit institution.

Besides Denmark is going to implement the Directive on Investment Services in the Securities Field (93/22/EEC) before July 1st, 1995.

According to Section 35 (2) in the Consolidated Act No. 713 of September 8, 1993, on the Copenhagen Stock Exchange, cf. the Consolidated Act Commercial Banks and Savings Banks, etc., Section 50 b (2) items 3), 4) and 6) the Danish Financial Supervisory Authority has the possibility to divulge confidential information to the financial supervisory authorities supervising credit institutions within the EU, authorities in other countries in the EU, who are responsible for the supervision of other financial institutions and supervisory authorities in countries outside the EU, as long as they provide that the information is subject to the same professional secrecy as in Denmark and exchange is according to international agreement.

As referred to the above mentioned Acts, Denmark has already implemented the principles in the Resolution on Money Laundering recommended by IOSCO.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The Danish Financial Supervisory Authority finds these principles right and useful.
In 1990 the Danish Financial Supervisory Authority was established.

The Supervisory Authority, which is a government agency, supervises the regulated part of the financial sector, such as the credit institutions, insurance companies, pension funds, stockbroker companies, mortgage-credit institutions and investment funds. Furthermore, the organization supervises the Copenhagen Stock Exchange, the Danish Securities Centre and the Guarantee Fund of Danish Options and Futures.

The Supervisory Authority is of the opinion that the Danish legislation and supervisory praxis already fulfils the principles. Below we shall give a few remarks on the Danish regulation in relation to the principles.

Group-Based Risk Assessment:
According to Section 35.-(2) in the Consolidated Act No. 713 of September 8, 1993, on the Copenhagen Stock Exchange, cf. the Consolidated Act on Commercial Banks and Savings Banks, etc., Section 50.-(1), the stockbroking companies and the credit

institutions shall give the Supervisory Authority such information as is necessary for the Supervisory Authority's activities. To the extent this is necessary to judge the financial position of a credit institution, the Supervisory Authority shall also have access to obtaining information and make inspections at enterprises with which the credit institution has a special direct or indirect connection.

According to Section 240.-(2) in the Consolidated Act on Insurance Business, the Danish Financial Supervisory Authority may also require information from and make inspection visits to undertakings with which the company has a special direct or indirect connection.

The EU Directive on investment service in the securities field shall be implemented before January 1st, 1996.

Investments in Other Group Companies:
A stockbroking company may not have subsidiaries, unless the subsidiary is a stockbroking company itself according to Section 24.-(3) in the Consolidated Act on the Copenhagen Stock Exchange.

A stockbroking company may only trade for its own account in securities listed on the Copenhagen Stock Exchange or on foreign stock exchanges, cf. Section 10. item 1) in Order on the Copenhagen Stock Exchange No. 667 of August 17, 1993.

The maximum limits of securities traded for the stock broking company's own account are listed in Order on Equity Capital Requirements for Stock Broking Companies No. 758 of December 5, 1989.

Credit institutions shall be entitled to engage in insurance business and mortgage credit activities through subsidiaries, cf. Section 1 a.-(3) in the Consolidated Act on Commercial Banks and Savings Banks, etc.

According to Section 6 a.-(3), insurance companies may execute business not specified in the authorization of the company through subsidiaries, if the subsidiary does not carry on business other than business subject to the supervision of the Danish Financial Supervisory Authority.

Intra-Group Exposures:
According to the Consolidated Act on Commercial Banks and Savings Banks, etc., Section 27.-(1) a credit institution shall not without permission of the Supervisory Authority be committed to such enterprises or persons as have through their ownership of

shares or otherwise directly or indirectly a decisive influence of the arrangements of the credit institution, or as are dominated by enterprises or persons having such influence.

According to Section 10 in Order on the Copenhagen Stock Exchange, stockbroking companies shall not grant loans.

An insurance company shall not without permission of the Danish Financial Supervisory Authority grant loans to provide security for businesses or persons who directly or indirectly have a dominant influence on the company or who are dominated by businesses or persons having such influence, cf. Section 144.-(1) in the Consolidated Act on Insurance Business.

Structure of Financial Conglomerates:
A proposal for Council Directive (EU) on structures of financial conglomerates has been made for the credit institutions, insurance companies and the investment firms. The principles in the directives are that the structure of a financial conglomerate should be transparent, which should avoid difficulties for an effective supervision and monitoring.

Relationships with Shareholders:
According to Section 7 b., in the Consolidated Act on the Commercial Banks and Savings Banks, etc., the Danish Financial Supervisory Authority shall be notified of and in advance approve any natural or legal person's direct or indirect acquisition for a qualifying holding in a credit institution and of such increases in the qualifying holding which cause it to be or exceed a limit of 20 per cent, 33 per cent and 50 per cent, respectively, or the credit institution to become a subsidiary.

The sections in Part 3 A in the Consolidated Act on the Commercial Banks and Savings Banks are implemented from Council Directive 89/646/EEC.

Similar rules from the Council Directive 93/22/EEC of May 10, 1993 on investment services in the securities field and the Council Directives 92/49/EEC of June 18, 1992 and 92/96/EEC of November 10, 1992 (insurance) are going to be implemented in Danish legislation.

Till then the Supervisory Authority register the shareholders of the stockbroking companies.

Management:
According to Part 4 E in the Consolidated Act on the Commercial Banks and Savings Banks, Part 11 in the Consolidated Act on Insurance Business and Sections 22 and 23 in the Act on the Copenhagen Stock Exchange the managers are subject to appropriate standards very similar to the guidelines from IOSCO, just as there are rules on sanction in the legislation.

Supervisory Cooperation:
As mentioned above the Danish Financial Supervisory Authority is the unit, which supervises the financial sector in Denmark.

External Auditors:
As a member of the EU Denmark shall implement the Council Directive of changing 77/708/EEC, 89/646/EEC, 73/239/EEC, 92/49/EEC, 79/267/EEC, 92/96/EEC and 93/22/EEC, when it is adopted. According to this proposal, Article 5, external auditors shall inform the Supervisory Authority of:

> " The Member States shall provide that any person responsible for carrying out statutory audits of the accounts of the financial undertaking shall have the duty to report immediately to the competent authorities for prudential supervision if in the course of this work, he becomes aware of facts which are likely to lead to a serious qualification or refusal of the certificate of audit; endanger the existence of the financial undertaking; or gravely impair its development or imperil the protection of clients, or which indicate that the principles of sound management have been seriously violated."

According to Section 34.-(1) and (2) in the Commercial Banks and Savings Banks, etc. Consolidated Act, the annual accounts of a credit institution shall be audited by at least two auditors one of whom shall be a state authorized public accountant. At least one of the other auditors shall either be a state authorized public accountant or a registered public accountant. The accounts of a credit institution's parent, affiliate or subsidiary shall be audited by the same auditors who audit the accounts of the credit institutions.

According to Section 37 a.-(10) in the same Act, the above mentioned sections shall also apply to a group, where the parent is a financial holding company or a credit institution.

Sections 34 and 37a shall also apply to stockbroking companies according to Section 36 in the Consolidated Act on the Copenhagen Stock Exchange.

Finally, the Danish Financial Supervisory Authority has a special department responsible for the supervision - including inspections - of the financial conglomerates.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

With respect to Resolution Concerning Transnational Securities and Futures Fraud the Danish Financial Supervisory Authority can inform you that the type of investment entities that are normally involved in boiler room fraud are not, at the present, subject to regulation in Denmark. However, the Danish Government has on May 3, 1995 introduced a bill on investment firms in the securities field implementing the European Union Directive on Investment Services which will be in effect from 1996 and contains important measures to improve the Danish supervisory system with respect to small intermediaries. Furthermore, the Supervisory Authority already cooperate and exchange information with other supervisory authorities. Thus we have implemented this Resolution when our new legislation has come into force.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

With respect to Resolution Concerning Accounting Standard IAS 7 it is expected to be implemented in the Danish standards from 1996.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

With respect to the contract design of derivative products based on stock indices and measures to minimize market disruption the Danish Financial Supervisory Authority can adopt the aspects outlined in the Resolution.

With respect to mechanisms to enhance open and timely communication between market authorities of related cash and derivative markets during periods of market disruption, the Danish Financial Supervisory Authority can inform you that cash and derivative products at the present are traded on the same market, which is supervised by the Danish Financial Supervisory Authority. The Danish Financial Supervisory Authority will consider the listed points of consensus, if a future need arise.

N-21 Banco Central de la República Dominicana - Dominican Republic

RESOLUTION ON MONEY LAUNDERING

In reply to your letter in which you ask for information on the measures adopted by us against money laundering, we inform you of a draft amendment to Law 50-88 of May 30, 1988 on Drugs and Controlled Substances in the Dominican Republic and of the regulation for its application, which were recently approved by the competent Authorities.

This draft introduces in the Law various articles, including Articles 105, 106, 110 and 114 referring to the sanctions applicable to financial institutions involved in laundering transactions and to control mechanisms to prevent these transactions.

Article 105
The financial institutions which, with the knowledge of their managing bodies or of persons who hold the power to direct their policy or operations, will fully violate provisions of Articles 100, 101, 102 and 104 and any other provision of this Law, apart from the penal liability they may incur for the offence of illegal drug trafficking, shall be punished with a fine from RD 100 000$ (one hundred thousand Pesos) to RD 250 000$ (two hundred fifty thousand Pesos).

When appropriate, the Court having jurisdiction may recommend to the Junta Monetaria, through the Superintendencia de Bancos, to cancel the licence authorizing the operations of the sanctioned institution. The same fine may be imposed personally to the employees, officers, directors or other authorized representatives who, acting in this capacity, will fully violate the above mentioned provisions.

Article 106
The Court hearing a case of laundering may issue, at any time without notice or prior hearing, an order of seizure or provisional freeze in order to preserve the availability of the property, proceeds or instrumentalities linked with the illegal trafficking or the related offences under this Law.

Article 110
Financial institutions are required to provide to the Courts or the National Division of Drug Control, through the Superintendencia de Bancos, as promptly as possible, any information requested from them in relation with the commission of offences under Articles 100, 101, 102, 103, 104 and 105 and under any other article of this Law.

Article 114
Legal provisions concerning bank secrecy or confidentiality shall not prevent the application of this Law when an information is required by a competent court through the authority representative of the concerned administration, which shall provide promptly the information in accordance with Article 44 (2) (5) of Law 11-92, of May 16, 1992.

N-22 Superintendencia de Compañías - Ecuador

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

Principle No. 1 - Honesty and Fairness
The application of this principle is implicitly included in the mission of the regulator of financial intermediaries.

Principle No. 2 - Diligence
Implicitly included in the regulation in the following way:

- It is prohibited for an agent to trade for his own account securities which he has to trade during his normal activities, except in special cases where the authorization of his manager is required.

- An agent cannot buy for his own account securities which he has been given the mandate to sell by a client or vice-versa except by special permission from his manager and with the authorization of the client.

In addition, the Superintendencia de Compañías and the Stock Exchanges supervise the activities of the brokers and their agents notably to:

- See to the proper execution of trades;

- Prevent harmful transactions;

- Call off trades that, without justification, do not substantially follow market quotations.

Principle No. 3 - Capabilities
The law stipulates that brokers must have successfully taken exams that vouch for their competence.

Principle No. 4 - Information About Customers
This principle is not included in the existing regulation. A reform is however contemplated.

Principle No. 5 - Information for Customers
This principle is not included in the present regulation. A reform is however contemplated.

Principle No. 6 - Conflict of Interest
Civil servants can only become agents one year after their departure.

The officers, administrators or staff from the Stock Exchange can only become brokers one year after having left the Exchange.

Principle No. 7 - Compliance
Brokers must provide the guarantees required by regulation to insure the execution of their trading obligations.

RESOLUTION ON MONEY LAUNDERING

The financial system by itself set up standards to control money laundering; however, the Superintendencia de Compañías, as securities regulator, is not empowered to intervene.

In the area of the securities market, which is the responsibility of the Superintendencia de Compañías according to a provision of the Securities Market Act which was approved on May 28, 1993, the efforts of institutions have been concentrated mainly on the implementation of the Act, for which we have prepared a set of regulations. We have finished the basic regulation for the operation of the securities market and our agency initiates the authorization process allowing all legal bodies recognized by the Act to operate in the securities market.

Simultaneously, we have worked on the design and implementation of control systems to ensure development and transparency of the securities market.

We find the Resolution of the Presidents' Committee very relevant because these recognized standards will allow us to intervene in the control of market participants, the means by which we are trying to identify suspicious transactions, either directly or through exchange of information in the financial system, which is closely linked to the securities business.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

Draft legislation is presently examined which will include the principles contained in the IOSCO Resolution.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

This Resolution will contribute greatly to the improvement of the normative framework for the Ecuador stock market. The standards set in this Resolution will be adopted when the development of the market requires it.

N-25 Financial Supervision Authority - Finland

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

Trading in the Finnish derivative exchanges is based entirely on electronic trading and bids and offers are automatically matched in the trading systems. Each market participant has equal access to the trading system. The Financial Supervision Authority oversees the systems and their functioning as well as the other activities in the marketplaces. There are no known cases in Finland where a customer has suffered because of the unreliable functioning of the trading system.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles are implemented either directly or indirectly in the Finnish Legislation.

RESOLUTION ON MONEY LAUNDERING

According to Finnish law, money laundering is a punishable act.

The Finnish Credit Institutions Act contains specific provisions on how credit and financial institutions and the Investment Firms Act provisions on how investment firms must fulfil their duty to exercise due diligence, what measures they shall if they detect questionable business transactions, and how customer identification shall be carried out. On the basis of the Credit Institutions Act, the Financial Supervision Authority has issued a regulation concerning the credit institutions= duty to exercise due diligence in their operations and on methods for protecting the financial system against criminal abuse. The Financial Supervision Authority shall also issue a regulation on the basis of the Investment Firms Act in the future. The above mentioned Acts and the regulations issued by the Financial Supervision Authority bring into effect:

1. The articles of the Directive of the Council of the European Communities on prevention of the use of the financial system for the prupose of money laundering (91/308/EEC); and

2. The recommendations of the FATF in so far as the articles and recommendations are applicable to these institutions.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

Insurance companies, credit institutions and investment firms are supervised separately in Finland. Insurance companies are supervised by the Ministry of Social Affairs and Health. Credit institutions and investment firms are supervised by the Financial Supervision Authority. However, the need to strengthen the cooperation of the Ministry of Social Affairs and Health and the Financial Supervision Authority especially in the supervision of financial conglomerates has been recognized. In 1996 these two authorities have started several common projects regarding this matter. There is also a working group of the Ministry of Finance, which is to consider, how this cooperation could be strengthened by legislation.

1. Group-Based Risk Assessment

This is not directly implemented, but according to the Investment Firms Act an investment firm, its financial holding company or an undertaking belonging to the same consolidation group may not, in the course of its activities, incur a risk that

fundamentally endangers the solvency of the investment firm. An investment firm, its financial holding company or an undertaking belonging to the same consolidation group shall have adequate risk monitoring systems with regard to its activities.

2. Investments in Other Group Companies
This has been implemented in legislation and regulations issued by the Financial Supervision Authority.

3. Intra-Group Exposures
This has been implemented in the Investment Firms Act.

4. Structure of Financial Conglomerates
This has not been directly implemented, but the cooperation between the Ministry of Social Affairs and Health and the Financial Supervision Authority is being developed as mentioned above.

5. Relationships with Shareholders
This has been implemented in the Investment Firms Act.

6. Management
This has been implemented in the Investment Firms Act.

7. Supervisory Cooperation
This has not been directly implemented, but the cooperation between the Ministry of Social Affairs and Health and the Financial Supervision Authority is being developed as mentioned above.

8. External Auditors
This has not been directly implemented, but the Financial Supervision Authority makes good use of the knowledge of the external auditors in supervision.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

On the basis of the Finnish legislation, measures may be taken against transnational securities and futures fraud. Such fraud has not been detected in Finland to any notable extent, and thus the problem has not yet raised much concern. Finland has already signed

agreements on the exchange of information with five countries, and corresponding agreements with several other countries are being prepared.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The Finnish Securities Markets Act contains no provisions as to which country's legislation should be applied in the preparation of annual accounts and other information releases of listed companies. The annual accounts must contain accurate and sufficient information. The Ministry of Finance has made a decision on the information to be published on a regular basis by issuers of securities. The Financial Supervision Authority may grant exemptions of this decision for foreign companies.

According to the rules and regulations of the Stock Exchange a listed company shall prepare its annual accounts according to the Bookkeeping Act and the Companies Act, but the Board of Directors of the Stock Exchange may grant exceptions to this rule. According to the Companies Act, the annual report of a listed company must contain a statement of change in financial position, and the Finnish Association of Auditors approved by the Central Chamber of Commerce has issued a recommendation containing three alternatives for statements of changes in financial position. It is probable that a foreign company would be granted permission to observe international standards.

On the basis of the above, we can reply that cash flow calculations based on the recommendation will likely be accepted in Finland.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The Act on Trading in Standardized Options and Forward Contracts regulates the tradeable derivative contracts and determines which assets may qualify as their underlying assets. This information on underlying assets and key ratios forms a part of the rules of an options corporation, which in turn are confirmed by the Ministry of Finance. According to established practice, the Financial Supervision Authority will express its views on the regulations. Before new products have been launched, options corporations and the Financial Supervision Authority have often engaged in protracted discussions on the contents of the different sections of the regulations and on the following matters:

- the method of calculation;
- the number of component stocks;
- the liquidity of component stocks;
- the dispersion of component stocks;
- the replacement of component stocks;
- the selection of component stocks; and
- clearance and settlement.

Minimizing Market Disruption
Section 3 of Chapter 3 of the Act on Trading in Standardized Options and Forward Contracts concerns the interruption of trading. The quoting of options and forward premiums must be interrupted whenever the public quotation of the market price for the underlying asset is interrupted. When the calculation of an index is interrupted, trading in the index-related derivatives shall also be interrupted. The Board of Directors of an options corporation may also interrupt the trading under certain conditions. According to law, the operations of the corporation may not be interrupted for more than a week.

The commentaries to the Government bill are based on the view that interruptions cannot be in the interests of investors and should not be unnecessarily prolonged.

Conditions for legitimate interruptions may include disruptions of trading because of a hostile public bid, a takeover or other similar reason.

Market Authorities Consensus
The Financial Supervision Authority is responsible for the supervision of both the cash markets and the derivative markets in Finland. The self-regulatory functions of marketplaces are being developed and memoranda have been made on the division of responsibilities between the Financial Supervision Authority and the marketplaces, as well as on the questions discussed here. The marketplaces have already agreed on the exchange of information and on cooperation in exceptional situations.

N-27 Commission des Opérations de Bourse - France

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The COB / CFTC Mutual Recognition Memorandum of Understanding of June 6, 1990, the COB / CFTC Memorandum of Understanding of May 12, 1992 and the Conseil des marchés à terme regulations, permit an effective supervision of GLOBEX in France, consistent with the principles set up in the IOSCO Resolution on Principles for the Oversight of Screen-Based Trading Systems for Derivative Products of June 1990.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The COB recognizes the Principles which are implemented through the existing regulatory framework.

RESOLUTION ON MONEY LAUNDERING

In accordance with recommendations previously made by other international groups, including the Basle Declaration of December 12, 1988, the Vienna Convention of December 19, 1988 and the report made by the FATF (Financial Action Task Force) after the Summit of L'Arche in July 1989, France has put into place a comprehensive framework as soon as in 1990. This framework includes the Act of July 12, 1991, concerning the participation of financial institutions to the struggle against laundering of proceeds from drug traffic, and instruments made for its implementation, including the decree of February 13, 1991, a regulation made by the Committee of Banking Regulation and provisions introduced in the general regulations of the Conseil des bourses de valeurs and of the Conseil du marché à terme.

Together, these instruments and the pre-existing provisions satisfy both the requirements of the directive of the Council of the European Communities of June 10, 1991 and the recommendations made in the report of Working Party No. 4.

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France has in place, as of now, a comprehensive legislative and regulatory framework, satisfying the recommendations made in the report of Working Party No. 4.

However, I must point out that a legislative provision of January 29, 1993 extended the scope of application of the Act of July 12, 1990 concerning the participation of financial institutions to the struggle against laundering of proceeds from drug traffic. The framework initially restricted to laundering of proceeds from drug traffic was extended to all amounts and financial transactions proceeding from activities of criminal organizations.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

All the conglomerates in France are headed by a bank or an insurance company.

A new banking law has recently been adopted in France to implement the second EEC Banking Directive. On that occasion the capacity of some regulatory bodies to exchange information with other authorities has been clarified and expanded.

The Banking Commission is today responsible for the prudential supervision of banks and securities firms. This enables a better coordination of the supervision of financial conglomerates which includes banks and securities firms. The Modernizing Financial Activities Act of July 1996 strongly enhances cooperation links between domestic regulators in the banking, securities and insurance fields.

Within the EEC framework, the Banking Consultative Committee and the Insurance Consultative Committee are currently considering the problem of consolidation of capital adequacy standards between banks and insurance companies.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The French legal and regulatory system fully enables the fight against transnational retail securities and futures fraud. Moreover, the COB endeavours many efforts in that respect by informing and educating retail investing public through various means (press release, brochures, annual report, response to complaints ...) and by wide cooperation with its

foreign counterparts (including: unsolicited communication and information, caring out of investigations with the assistance of multiple foreign regulators ...).

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

As you underline, this Resolution deals with three aspects: the design of derivatives on indices, measures to minimize market disruption and mechanisms to ensure the exchange of information between regulators of derivatives markets and of underlying securities markets.

This Resolution has already been largely implemented as concerns French derivative markets and securities markets.

Derivatives on indices presently traded in Paris are based on CAC 40, an index for which:

- criteria concerning market capitalization, public float and turnover for the 40 stocks making up the index ensure adequate liquidity of underlying securities;

- the number of stocks making up the index is sufficient to dissuade any manipulation attempt;

- adjustments are made in order to preserve the continuity of the index as soon as changes are brought to the composition of the sample or as the securities are involved in operations.

Management of this index is under the authority of a scientific board, which holds at least four meetings a year to renew the sample; the Commission is member of this board. This scientific board is also responsible for the management of two new indices created by the Paris Bourse, SBF 120 and SBF 250, the composition of which addresses the concerns expressed in the Resolution of the XVIIIth Annual Conference of IOSCO, even if, for the time being, no derivatives have been designed on these two indices.

Moreover, before the introduction of a new contract on MATIF, the Commission has to give an advice and reviews the interactions that may exist between this derivative and the underlying cash market.

Steps have been taken to ensure a coordinated management of derivative and cash markets, in order to minimize the negative effects of a disruption happening on one or the other, including:

- the setting of price limits;

- the suspension of trading on derivatives when trading is suspended on the underlying stock;

- coordinated steering of cash and derivatives market on CAC 40.

For example, when stocks representing more than 35% of the market capitalization of index CAC 40 are momentarily not open for quotations, a trend indicator is substituted to index CAC 40.

When, due to individual decisions concerning the quotation of stocks in the sample, the trend indicator substituted to index CAC 40 can no more be calculated on stocks representing at least 25% of the market capitalization of the index, quotations are suspended on the option market and on futures market based on index CAC 40.

This coordinated management of markets at the national level may not be sufficient where the disruption would extend, due to the increasing globalization, to several markets subject to the control of different national authorities. In these circumstances, the exchange of information which is the subject of the third item in the above mentioned Resolution constitutes an essential factor allowing each of these authorities to minimize potentially negative effects of a market disruption.

Information necessary to ensure the management of markets in a period of strong disruption include, on one hand, data concerning the operation of markets and, on the other, confidential data concerning intermediaries trading on different markets.

As for the first type of information, it is already the subject of many exchanges between authorities, either within IOSCO and other forums, or in a bilateral setting. At present, I see no particular obstacles to the systematization, in periods of disruption, of this exchange of information to allow each of these authorities to carry out its mission.

As for the second type of information, concerning confidential data, under the applicable regime in French law, they may be transmitted by the Commission des Opérations de Bourse, the only authority empowered to transmit this type of data subject to a

requirement of reciprocity. The MOUs signed with a number of authorities can be the framework of this exchange of information. However, we have to think further on this question in order to adapt, as far as possible, the conditions of transmission of the information to the requirement of speed in the management of a disruption.

I envisage to pursue discussions on a bilateral basis with authorities of markets dealing in French securities or in derivatives based on a French security or index, to see which adjustments should be made to the agreements already signed to address the objectives of this coordinated management in a period of disruption.

N-28 *Bundesaufsichtsamt für den Wertpapierhandel (BAWe)* - Germany

RESOLUTION CONCERNING MUTUAL ASSISTANCE

The Federal Securities Supervisory Office is aware of the significance of the cooperation between supervisory authorities. The newly enacted German Securities Trading Act furnishes the legal basis for the Federal Securities Supervisory Office to ensure the proper functioning of the financial markets. This includes above all investor protection, improving transparency of both trading and major shareholdings and ensuring fair markets as well as the administrative cooperation between national and foreign authorities concerned with securities supervision.

RESOLUTION ON COOPERATION

According to the German Securities Trading Act (Wertpapierhandelsgesetz (WpHG) the BAWe is now in the position to consider arrangements with foreign regulators for mutual assistance.

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

Principle No. 1
The German Futures and Options Exchange (Eurex Deutschland) is prepared and able to demonstrate to the supervisory body that the trading system complies with the

requirements set out in the Stock Exchange regulations, the trading conditions and other pertinent provisions.

Principle No. 2
As regards this Principle, it should be noted that the trading system at the Eurex Deutschland is so arranged as to ensure that information on the best available offers and important market data are constantly accessible to all market operators via the screens.

Principle No. 3
The details of processing and execution of orders and quotes are regulated by the trading conditions laid down by the Eurex Deutschland Board and by the system documentation in such a way that the supervisory body is kept informed. This includes the arrangements for the order in which incoming orders and quotes are executed.

Principle No. 4
The trading system at the Eurex Deutschland also takes Principle No. 4 into account.

Principle No. 5
This Principle has been implemented by making available technical guidelines and appropriate emergency concepts.

Principle No. 6
The Eurex Deutschland also meets the requirements laid down in this Principle. As far as knowledge of the system is concerned, the Eurex Deutschland ensures this by means of instruction, guidance and operation manuals. As regards the other points, participants are checked as to their financial resources, the availability of appropriate technical facilities and the necessary personnel. What is more, all participants must show that they take part in the clearing arrangements of the body representing the Exchange. Participants are monitored by the Exchange itself and, if they are banks as defined in the German Banking Act, by the German Banking Supervisory Office as well.

Principle No. 7
It may be assumed that, should the need arise, the necessary steps will be taken to safeguard against extra financial risk arising, for example, from an expansion of trading.

Principle No. 8
The Eurex Deutschland Board is responsible for ensuring that transacted options and futures deals are registered in the Eurex Deutschland's data processing system, including

the price and time of inclusion, so that these data are available at all times for market monitoring purposes.

Principles Nos. 9 and 10
Principles Nos. 9 and 10 are taken into account in the same form in relation to all market participants by the very detailed Eurex Deutschland regulations and by the product descriptions, etc.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The principles are implemented in the Securities Trading Act. The compliance with these principles is monitored by the BAWe.

RESOLUTION ON MONEY LAUNDERING

The Law for the suppression of illicit traffic in narcotic drugs and other forms of organized crime (OrgKG) came into force in Germany on September 22, 1992. Among other things, this Law added to the German Penal Code a provision making money laundering a criminal offence.

The EC Directive on prevention of the use of the financial system for the purpose of money laundering (91/308/CEE) has been implemented by the Law on the detection of proceeds from serious crimes ("Geldwäschegesetz" - GwG) which entered into force on November 25, 1993.

The execution is being overseen by the Federal Banking Supervisory Office (Bundesaufsichtsamt für das Kreditwesen - BAKred). The BAKred has issued guidelines concerning, among other issues, the appropriate manner in which banks should carry out the identification requirements and in which they should behave in case of a suspicion of money laundering. Under German Law banks are allowed to conduct every type of banking business, including securities business (Universalbanken).

These Laws take account both of the 40 recommendations of the Financial Action Task Force and of the IOSCO Resolution.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The Federal Republic of Germany intends to apply the Principles for the Supervision of Financial Conglomerates to enterprises which conduct banking and securities business. As regards insurance companies we are going to wait and see what directives are issued by the European Community.

The following portrays the extent to which the Principles are already incorporated in German law.

Introductory Remarks
In view of the fact that IOSCO brings together the representatives of securities commissions, the following study is restricted to undertakings conducting securities and safe custody business. This is included under banking business in accordance with Section 1 subsection (1) nos. 4 and 5 of the German Banking Act (KWG), so that the banking supervisory authorities are responsible for the supervision of such undertakings. Section 6 (1) of the KWG states that the Federal Banking Supervisory Office - in cooperation with the Deutsche Bundesbank, Section 7 (1) of the KWG - shall exercise supervision over banks in the Federal Republic of Germany as set out in the statute. In the following, therefore, the aim is to ascertain the extent to which the principles established by IOSCO governing the supervision of financial conglomerates are already incorporated in the KWG. This covers banks and securities trading firms (both of which categories of undertakings are referred to in the following as credit institutions). The provisions apply to insurance companies only where this is expressly stated.

a) *Group-Based Risk Assessment*
In Germany, Sections 10a and 13a of the KWG stipulate the supervision of adequate liable capital and the observance of limits on large exposures, in both cases on a consolidated basis.

b) *Investments in Other Group Companies*
The aim set out in Principle b) is fulfilled by Section 10 (6a), sentence 1, nos. 4, 5, Sections 12 and 13a in conjunction with Sections 13 (4) and 19 (1) no. 6. Thus, for instance, Section 13 (4) in conjunction with Section 19 (1), sentence 1, no. 6 stipulates that investments along with other exposures to companies, including insurance companies, shall not exceed 25% of the credit institution's liable capital. All companies in which though non-consolidated the bank has a majority interest or in regard of which the bank is in a controlling position are considered one

customer the overall exposure to whom may not exceed 20% of the banks liable capital.

Section 10 (6a) nos. 4 and 5 stipulates that participating holdings in credit institutions amounting to more than 10% of that institutions capital are to be deducted from the liable capital. This provision may be waived only where the interests in excess of 10% are included in supervision on a consolidated basis pursuant to Section 10 a (Section 10 (6a) sentence 2; see remarks under a) above).

c) Intra-Group Exposures

In the first instance, this Principle is also covered by Section 13 a in conjunction with Sections 13 (4) and 19 (1) no. 6. With reference to the concept of "loans", the effect of these provisions is that large loans granted by groups of credit institutions are added together and limited in relation to the liable capital.

In addition, Section 10 (2), second sentence, stipulates that loans to shareholders in a credit institution who own more than 25% of the capital must be deducted from the liable capital of the credit institution unless they have been granted on market terms or if, contrary to banking practice, they are inadequately secured.

d) Structure of Financial Conglomerates

Numerous provisions of the KWG are designed to ensure that the supervisory authorities receive the necessary information on the corporate and managerial structure of the undertaking. The following provisions may be cited in this context: Sections 2 b (1) and (4), 24 (1) no. 3, 33 (1), sentence 1, no. 5 in conjunction with Section 32 (1), sentence 2, Sections 33 (1), sentence 2, 35 (2) no. 3 and 44 b.

Thus Section 2 b subsections (1) and (4) sets out special reporting requirements in the case of the acquisition, disposal or change of a participating interest in a credit institution. The aim of this provision is to ensure that the supervisory authority is apprised of relevant changes in the corporate structure of credit institutions.

The same reporting requirement applies under Section 24 (1) no. 3 to a credit institution intending to acquire, dispose of or change the amount of a participating interest in another undertaking, including insurance companies, where a participating interest is understood to mean a holding exceeding 10% of the voting shares or capital of an undertaking.

The licence to conduct banking business may be refused under Section 33 (1) if the applicant fails to submit documentation showing the corporate structure of, or the participations held in, the undertaking, or if the structure of the undertaking is such as to impede effective supervision.

In addition, the licence may be revoked in such cases if the supervisory authority subsequently learns of facts which would have warranted refusal of the licence (Section 35 (2) no. 3).

Where there is reason to doubt whether the structure of the relevant undertaking is such as to permit effective supervision, the supervisory authority is entitled under Section 44 b require the undertaking to submit documentation and may if necessary have such documentation examined by an auditor whom it will appoint.

e) *Relationships with Shareholders*

The content of this Principle is covered by Sections 2 b (2) nos. 1 to 4, 33 (1), sentence 1, no. 2 a and the afore-mentioned Section 44 b. Section 2 b (2) entitles the supervisory authority to prevent the holder of a participating interest from exercising his voting rights if, for instance, the holder may be expected to exert a detrimental influence on the credit institution (no. 1), if he fails to meet the requirements of sound management of the credit institution, in particular if he is not trustworthy (no. 2), or if the available information shows that the credit institution is associated with the holder of the participating interest and such association renders effective supervision of the undertaking impossible (no. 3). If the provisions of Section 2 b (2) no. 2 apply, there are in addition grounds to refuse a licence to conduct banking business pursuant to Section 33 (1) no. 2 a. With regard to Section 44 b, reference is made to d) above.

f) *Management*

Section 2 b (1) ensures that the supervisory authority is provided with the information it needs to be able to identify the corporate structure to which credit institutions belong, even where the group set-up is complex. Furthermore, the responsibilities in the associated undertakings must be identifiable, in order to be able to verify the reliability of the persons charged with managing the group. The comments on Section 33 (1), sentence 1, no. 2 a apply accordingly. Here, provision is made for refusal or revocation of the licence to conduct banking business if regulatory standards are not met.

g) Supervisory Cooperation

In this context Sections 9 (1), sentence 3, and 8 (3), sentences 2 and 3, may be cited. Section 9 (1), sentence 3, instances the cases in which information may be disclosed to other banking supervisory authorities or persons commissioned by them whose assistance is needed by the national supervisory authority in carrying out its tasks or who themselves are dependent on such information for their supervisory activities. The exchange of information concerning banks, securities firms, insurance companies and other financial institutions is thus permitted between supervisory authorities. The permitted exchange of information for supervisory purposes between the authorities of EC Member States is governed by Section 8 (3) and (4).

h) External Auditors

The accounts of credit institutions must be examined each year by independent auditors. Under Section 28, the supervisory authority is entitled to reject the auditor proposed by the credit institution. Section 29 imposes special duties on the auditor. For instance, the auditor is obliged under Section 29 (1) to ascertain whether the credit institution has complied with the reporting requirements designated under a) to d) above and has observed the specified limits. Section 29 (2) obliges the auditor to notify the supervisory authority without delay of facts which may endanger the existence of the credit institution or seriously impair its development or which indicate that the managers have seriously violated the law, the articles of association or the partnership agreement.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The German authorities are aware of the need to take appropriate measures in order to combat effectively boiler rooms using high pressure sales tactics and fraudulent practices to make unsophisticated customers invest in securities and other financial instruments. The Second Financial Market Promotion Law, which has been in force since August 1st, 1994, makes an important contribution to coping with this regulatory challenge. Furthermore, since January 1st, 1998, the implementation of the EU Directive on Investment Services improved the German supervisory system with regard to small intermediaries.

In particular the following legislative and regulatory measures take into consideration the recommendations of the Resolution of the Presidents' Committee Concerning Transnational Securities and Futures Fraud:

a) The Securities Trading Act has been the basis for setting up the Federal Securities Supervisory Office, which assumed its functions since January 1st, 1995. One of the main tasks of the new Supervisory Office is to improve the protection of investors. The Federal Securities Supervisory Office is authorized for instance to monitor the rules of conduct which professional providers of securities services will have to respect vis-à-vis their customers.

b) One of the tasks of the Federal Securities Supervisory Office is to draw the attention of the public and professionals and intermediaries to possible fraudulent activities including boiler rooms.

c) We agree that the cooperation between regulatory authorities is of upmost importance in order to face the challenges in combatting transnational retail securities and futures fraud. The overall responsibility of the new established office for cooperation with foreign authorities, including matters for which the State Governments are responsible, will facilitate international cooperation in combatting transnational boiler rooms.

d) As far as the cross-border freezing of assets of boiler rooms and their principals and the repatriation and return of funds to investors are concerned, the judicial authorities in Germany will continue to be competent to order the seizure and surrender of assets. Legal assistance in a criminal matter may be granted to foreign authorities according to the provisions of the German Law on International Assistance in Criminal Matters.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

It is our general practice to accept statements of foreign issuers, which are based on international accounting standards, in connection with cross-border offerings and continuous reporting. Therefore no further steps are necessary to implement in Germany the acceptance of cash flow statements prepared in accordance with IAS 7 in order to facilitate in Germany cross-border offerings and listings by foreign issuers.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

I would like to inform you that we adopt the Resolution on Coordination Between Cash and Derivative Markets which IOSCO approved at its XVIIIth Annual Conference in Mexico City.

Representatives of the German Ministry of Finance, the Deutsche Bundesbank and the Frankfurt Stock Exchange participated in Working Group No. 2 in the elaboration of the three reports on contract design of derivative products, measures to minimize market disruption and mechanisms to enhance communications between market authorities of related cash and derivative markets during periods of market disruption. The three reports reflect therefore the regulatory concerns we have in relation to the specific issues relevant to the relationship between cash and related derivative markets for equities. The aim to enhance the oversight of related cash and derivative markets is fully in line with the Securities Trading Act, which has been adopted by the German Parliament on July 26, 1994. Due to the new Law the responsibilities of German supervisory authorities and of the German Exchanges in the field of market supervision have been strengthened. In addition, the Federal Securities Supervisory Office set up in the beginning of 1995 is in charge of international cooperation with foreign authorities, thus facilitating the coordination of German cash and derivative markets related to foreign markets.

Some of the issues tackled in the three reports will be handled primarily by the German Exchanges exercising their self-regulatory responsibilities. The German Exchanges for cash and derivative markets will - in line with the Resolution of the Presidents' Committee - give due consideration to the issues identified in the three reports.

N-29 Capital Market Commission – Greece

RESOLUTION CONCERNING MUTUAL ASSISTANCE

Implemented by Law 2396/30-4-1996.

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RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

Implemented by Ministerial Decree 12263/24-4-1997 and Decision of the Capital Market Commission /18-6-1998.

RESOLUTION ON MONEY LAUNDERING

Implemented by Law 2331/1995.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

Implemented by Presidential Decree 267/1995.

N-30 Guernsey Financial Services Commission - Guernsey

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

It is not appropriate for this jurisdiction in the absence of screen-based trading systems.

RESOLUTION ON MONEY LAUNDERING

We have examined the issues raised in the report of the Technical Committee, and I describe below the steps that we have already taken to protect not only the securities and futures markets but the financial institutions as a whole against abuses by money launderers.

The legislation in place in the UK to combat money laundering is to a very large extent mirrored in Guernsey.

The Drug Trafficking (Bailiwick of Guernsey) Law 1988 follows closely the UK Drugs Trafficking Offences Act 1986. The Guernsey legislation has been recently amended to:

(a) give effect to the provisions of the 1988 Vienna Convention against Illicit Traffic in Narcotic Drugs and Psychotic Substances;

(b) suppress illicit drug trafficking by sea; and

(c) detain monies reasonably suspected to directly or indirectly represent the proceeds of drug trafficking.

The Prevention of Terrorism (Bailiwick of Guernsey) Law 1990 follows its UK counterpart, the Prevention of Terrorism (Temporary Provisions) Act 1989.

The UK Criminal Justice (International Cooperation) Act 1990 enacts the provisions of the 1988 Vienna Convention against Illicit Traffic in Narcotic Drugs and Psychotic Substances. In Guernsey, this has been enacted by way of the amendment mentioned at (a).

There are plans to follow the approach contained in the UK's Criminal Justice Bill.

Many mutual legal assistance treaties have been extended to Guernsey. These enable the tracing, freezing and confiscation of assets in Guernsey and overseas and similar orders received from overseas to be enforced in Guernsey.

In addition to this, the Commission has produced Money Laundering Avoidance Guidance Notes, a copy of which is enclosed. As you will see from the Guidance Notes, they address Points 1, 2, 3, 5 and 6 of the IOSCO Resolution. With specific regard to Point 2, Guernsey has gone slightly further on this, as we feel records should be kept for a six year period. These notes were distributed not only to banks but to other financial institutions. Since then similar notes have been produced in the UK for investment (and insurance) business. The Commission intends to draw on these in revising its own publication to produce a document which will be applicable to all three fields of financial services.

Point 4 of the IOSCO Resolution is met by thorough vetting of all ultimate shareholders of financial institutions before permitting them to establish operations in Guernsey. Detailed Personal Questionnaires have to be submitted, and in cases of doubt, further enquiries are made with overseas regulators, past employers, etc. Changes in ownership require specific approval.

Finally, with respect to Point 7, it is the Commission's policy to encourage the maintenance and development of relationships with overseas regulatory bodies in the light of its general duty to protect the public against financial loss due to dishonesty, incompetence or malpractice by persons carrying on finance business and to protect and enhance the reputation of the Bailiwick as a financial centre.

94-08-05

Since then Guernsey has been following the work of the Financial Action Task Force (FATF) with great interest. Eighteen months ago Guernsey was asked to submit a report to the FATF on its progress towards endorsing and implementing the forty FATF recommendations. We looked at the forty recommendations and did not feel that we could make a meaningful report. We felt that we would really need to participate in the FATF before we committed ourselves to reporting on matters which we do not wholly understand and which in turn might lead to further requirements being made of us.

John Roper, Director General of the Commission, suggested that the solution might be for an FATF style evaluation to be undertaken on Guernsey. This has been agreed and the FATF team arrive in Guernsey on August 7.

I mentioned in my last letter to you that we had plans to follow the approach taken in the UK's Criminal Justice Bill (now the Criminal Justice Act 1993). Work has begun on this. The Commission has produced a first draft of Guidance Notes on the Avoidance of Money Laundering. This is based on the UK's Guidance Notes (made under the auspices of the 1993 Act) which are more commonly known as the Red, Yellow and Green Books.

We intend that our guidance notes should act as instructions for the sort of amendments that we would like to see to our drugs trafficking laws.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

Financial Reporting Standard Number 1 ("FRS 1") issued by the UK Accounting Standards Board in September 1991 is broadly in line with IAS 7 and this standard has been mandatory in respect of all financial statements in the United Kingdom relating to accountancy periods ending on or after March 23, 1992. While there are no mandatory accounting standards in Guernsey, the Island generally follows UK accounting standards such as FRS 1.

FRS 1 does have additional requirements to those imposed by IAS 7, however, financial statements prepared in accordance with IAS 7 as an alternative to statements prepared under FRS 1 are acceptable.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

Guernsey does not have any cash or derivatives markets of its own and therefore the Guernsey Financial Services Commission is not a market regulator. While Guernsey is not in a position to formally implement the Resolution, it supports the principles on which the Resolution is based.

N-31 Securities and Futures Commission - Hong Kong

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

Hong Kong adopts these principles in considering regulatory approaches to screen-based trading systems for derivative products taking into account the particular circumstances of Hong Kong. Given the nature of its regulatory structure, the principles are not set out in legislation, but are adopted as "administrative" practice in examining screen-based trading systems which apply to operate in Hong Kong.

RESOLUTION ON MONEY LAUNDERING

Hong Kong has either implemented them or will be implementing them in the near future.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

We in Hong Kong propose to apply the principles relating to the supervision of financial conglomerates in regulating intermediaries licensed by us. However, as Hong Kong's powers in some areas our powers are limited and it will be adopting a qualitative approach, especially in relation to group-based risk assessment.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

Hong Kong intends to apply the measures within its jurisdiction. Measures 3, 4 and 5 have already been implemented.

RESOLUTION CONCERNING ACCOUNTING STANDARDS IAS 7

The relevant authorities in Hong Kong recognize accounts drawn up in conformity with International Accounting Standards ("IAS"), which include IAS 7, as equivalent to Hong Kong standards in connection with cross-border offerings and continuous reporting by foreign issuers. The only exception is that overseas incorporated companies with a primary listing on The Stock Exchange of Hong Kong Limited ("SEHK") are required to have their annual accounts comply with the accounting standards approved by the Hong Kong Society of Accountants ("HKSA").

Resolution Concerning Mutual Assistance
In late 1994 Hong Kong introduced legislative provisions to empower the SFC to provide reciprocal investigatory assistance to overseas regulators.

Companies Ordinance ("CO")

Initial Public Offering
In Hong Kong, statutory requirements for prospectus are set forth in the CO. Under the guidelines relating to the registration of prospectus of companies incorporated outside Hong Kong issued on July 17, 1992, a company's accounts included in the prospectus should normally be stated in accordance with either IAS or Hong Kong standards. If IAS are adopted, the accounts should normally contain a statement of material differences (if any) from the Hong Kong standards.

Continuous Reporting
For overseas incorporated companies that have established a place of business in Hong Kong, they are required, under Part XI of the CO, at least once in every calendar year and at intervals of not more than 15 months, to file with the Companies Registry of Hong Kong their accounts in such form and containing such particulars and including copies of such documents as are required to be prepared by the law for the time being applicable to such companies in their place of incorporation or origin.

For overseas incorporated companies that have not established a place of business in Hong Kong, there is currently no requirement under the CO for continuous reporting. However, where such companies are listed on SEHK, continuous reporting requirements of the Listing Rules of the SEHK apply.

Listing Rules of the SEHK

Initial Public Offering
In addition to complying with the CO, a prospectus must comply with the Listing Rules of the SEHK when a company seeks to list its securities in Hong Kong.

For overseas incorporated companies applying for primary listing on the SEHK, the accountants' reports, if drawn up otherwise than in conformity with accounting standards approved by the HKSA, will be required to conform with accounting standards acceptable to the SEHK which will in turn normally be the IAS as promulgated from time to time by the International Accounting Standards Committee ("IASC"). In such cases the SEHK will normally require the report to contain a statement of the financial effect of the material differences (if any) from the accounting standards approved by the HKSA.

For overseas incorporated companies applying for secondary listing on the SEHK, accountants' reports are required to conform with accounting standards acceptable to the SEHK which will normally be the IAS or the accounting standards approved by the HKSA.

Continuous Reporting
For overseas incorporated companies listed on the SEHK, if the issuer's primary listing is or is to be on the SEHK, the annual accounts must comply with the requirements as to accounting standards applicable to Hong Kong companies. If the issuer's primary listing is or is to be on another stock exchange the annual accounts are required to conform with accounting standards acceptable to the SEHK which will normally be at least the IAS as promulgated from time to time by the IASC.

N-32 Hungarian Banking and Capital Market Supervision - Hungary

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

We decided that it would be useful to implement these rules in Hungary as well. However, the Hungarian Banking and Capital Market Supervision does not have the right to introduce these rules itself, since this authority does not have the power to create regulations.

We intend to include these principles into the planned changes in the Act on Securities and Stock Exchange suggested by the Supervision to the Minister of Finance, and we hope that the Parliament will adopt these principles during the amending of our Act as well.

RESOLUTION ON MONEY LAUNDERING

You will find in the following the English translation of our Act XXIV of 1994 on the prevention of money laundering which was finally adopted after years of preparatory work on March 22, 1994 by the Hungarian Parliament.

I must mention that a precondition to the law was the inclusion into the Hungarian Criminal Code of money laundering as a punishable action. The law covers not only banks but all business entities - including their leaders, employees and clients - providing financial services on the territory of the Republic of Hungary.

An important provision of the law requires that the organization providing financial services confirm the identity of any client wishing to carry out a cash transaction whose value equals or exceeds HUF 2 million. Without regard to this in all cases where there is a reasonable suspicion of money laundering the client must be identified and the incident reported to the designated person at the organization, who then forwards the information to the Hungarian National Police Headquarters.

In order for all organizations providing financial services to handle the problem of reasonable suspicion of money laundering in a uniform way, the law requires the organizations to prepare internal regulations which must then be approved by the supervising governmental or professional authority.

Act XXIV of 1994 on the Prevention and Hindrance of Money Laundry
The purpose of this Act is to stand in the way of the money resulting from crimes to be laundered clean through the money and capital market systems.

Ruling of the Act

1. Coming under the ruling of this Act:

   a) any economic organization as included in Civil Code, Para 685 c) pursuing the activities in the Republic of Hungary of a financial institution, cash intermediary, insurance, insurance intermediary, insurance advisory, securities brokerage, casino operation or investment funds management as well as the mutual insurance bank (hereinafter altogether: financial services organization) as well as the clients of these organizations;

   b) the executive and employee of the financial services organization.

2. (1) The financial services organization can only accept any appointment for dealing with cash of HUF 2 million or more or the equivalent amount thereto in a foreign currency paid in from such clients that present their verifying papers to the financial services organization and the verification of that is carried out by the financial services organization.

   (2) If the client is a legal entity or any other organization the identification of these should also be made beyond the control of the personal identity of that person acting for or on behalf of that legal entity or other organization. The identification shall not be made if the financial services organization have already identified that legal entity or other organization in relation with another transaction.

   (3) The financial services organization can only accept appointment for a banking or financial transaction from a foreign-based organization if it is registered as a financial services organization in accordance with the law of its own country and if it names its principal

   (4) The provisions of the Clause (3) shall not be applied:

      a) if the financial services organization is to issue a transfer order on behalf of itself as a result of the nature of the transaction;

b) if the foreign principal, other than financial services organization, acts on behalf of itself with the financial services organization.

3. (1) Upon data, fact or circumstances emerged referring to money laundry the person as specified in Para 1 b) is in no time obliged:

a) to identify the client regardless of the value limit fixed in Para 2; and

b) to present a notification of the money laundry suspected to the person as specified in Clause (2).

(2) The financial services organization is obliged to identify, depending on the nature of the organization, one or more person to forward, with no delay, the notification received from the employees to the National Headquarters of Police (hereinafter ORFK).

4. (1) The financial services organization as well as the person mentioned in Para 1 b) and Para 3 (2) shall not inform any third party person or organization of the obligatory notification presented, the contents thereof and the personal identity of that presented, except for the criminal procedure, and the financial services organization is obliged to provide for the notification presented, the contents thereof and the personal identity of that presented to be kept confidential.

(2) To present the obligatory notification shall not be considered as a violation of banking, insurance or business secret or a violation of any restriction on data and information supply provided by legal rules or agreements.

5. (1) The financial services organization is obliged to keep records of the data received as a result of the obligation fulfilled as included in Para 2 as well as the verifying papers of the obligatory notification presented as included in Para 3 (1) b) for at least ten years.

(2) ORFK can only use the information received on the basis of Para 3 for the purposes of fighting against money laundry and is obliged to keep the relevant data for at least ten years.

6. (1) The financial services organization is obliged:

a) to operate a system for internal audit and information to support the identification of clients in order to prevent banking or financial transactions allowing or making money laundry; as well as

b) to provide for that its employees are familiar with the provisions applying to the crime of money laundry and to learn to recognize the banking or financial transactions allowing for or making the money laundry and to be able to act in the cases of a suspicion emerging of money laundry.

(2) The financial services organization is obliged to prepare an Internal Regulations (hereinafter Regulations) to fulfil its duty within the range of the obligation specified in (1). The Regulations shall be approved by the governmental and professional supervising authorities responsible for the financial services organization.

(3) The governmental and professional supervising authorities responsible for the financial services organization shall make available guidances and sampling regulations for the elaboration of Regulations with regard to the recommendations worked out by ORFK and based on the experiences of criminal procedures. The supervising authorities can obligatorily prescribe some stipulations to be applied. The parties involved are obliged to keep confidential these guidances and sampling regulations.

Closing Provisions

7. For the authorization of the operation of the financial services organization to be established after this Act coming into effect it is necessary, in addition to the conditions specified in special law, that the financial services organization shall submit its Regulations as included in Para 6 (2) for approval with the application for authorization to the governmental and professional supervising authority.

8. (1) This Act shall, with the exception for the Clause (4), come into effect on the sixtieth day from the announcement thereof.

(2) The governmental and professional supervising authorities responsible for the financial services organization shall make available the guidances and sampling regulations as included in Para 6 (3) to the financial services organizations under their supervision within thirty days of this Act coming into effect.

(3) The financial services organization are obliged to prepare their Regulations as included in Para 6 (2) within sixty days of this Act coming into effect and to submit that Regulations for approval to the governmental and professional authority responsible for the supervision thereof. Should not the financial services organization meet this obligation the governmental and professional supervising authority can cancel its licence or circumscribe its activities.

(4) The Government is authorized to fix the range of duties in Decrees to be prescribed as an obligation to fulfil after the announcement of this Act.

(5) Para 1 of the Statutory Rule No. 2 of 1989 is supplemented by the following Clause:

"(3) The law can provide for the financial institution to obligatorily carry out the personal identification of the client regardless of the title of access to the deposit."

N-33 Securities and Exchange Board of India (SEBI) - India

RESOLUTION CONCERNING MUTUAL ASSISTANCE

SEBI adopts this Resolution and would be promoting mutual exchange of information with the member countries to prevent fraudulent securities transactions.

RESOLUTION ON COOPERATION

SEBI adopts this Resolution. We have already entered into MOU with SEC USA and are presently exploring similar agreements with other member countries for mutual bilateral cooperation.

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

SEBI adopts this Resolution. Derivatives markets (in the securities segment) have not yet been functional in India. We have finalized the functional and regulatory requirement for this segment and we are expecting derivatives trading to start very soon.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

We have reflected all these principles in the various regulations and codes of conduct covering the financial intermediaries namely merchant bankers, portfolio managers and mutual funds which are being regulated by us.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

We agree that the principles contained in the Resolution should form the basis for the regulation of financial conglomerates operating cross-border in a variety of jurisdictions. We do not have such financial conglomerates in India as yet. However, some of the principles contained in the Resolution such as "the Group Based Risk Assessment", "Intra Group Exposures", "Relationship with Shareholders" and "Supervisory Cooperation" are also relevant to our Regulations concerning capital issues by Group Companies, Substantial Acquisition of Shares and Insider Trading and have been taken into account while framing Rules and Regulations in these areas.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

As you are aware, we have only begun integrating our markets in a limited way with international markets. Our companies are allowed to make offerings of GDRs and Euro Convertibles in international markets. As our markets become increasingly integrated and cross-border offerings are permitted, the steps taken by IOSCO and the Resolution Concerning Transnational Securities and Futures Fraud would become relevant. We however realize the importance of adoption of this Resolution and would have no objection in adopting it at a time when they become relevant for our markets.

RESOLUTION CONCERNING ACCOUNTING STANDARDS IAS 7

As you are aware, we have only begun integrating our markets in a limited way with international markets. Our companies are allowed to make offerings of GDRs and Euro Convertibles in international markets. As our markets become increasingly integrated and cross-border offerings are permitted, the steps taken by IOSCO and the Resolution concerning adoption of Accounting Standard IAS 7 for cash flow statements would become relevant. We however realize the importance of adoption of this Resolution and would have no objection in adopting it at a time when they become relevant for our markets.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

SEBI adopts this Resolution. Derivatives markets (in the securities segment) have not yet been functional in India. We have finalized the functional and regulatory requirement for this segment and we are expecting derivatives trading to start very soon. We would be adopting the said Resolution after their launch.

RESOLUTION CONCERNING CROSS-BORDER TRANSACTIONS

SEBI agrees to implement this Resolution in principle. Presently Indian markets do not allow cross-border transactions and practices as envisaged in this Resolution, but as and when such developments take place in India, we would be adopting this Resolution.

RESOLUTION ON PROVIDING CERTAINTY OF THE ENFORCEABILITY OF NETTNG ARRANGEMENTS FOR OVER-THE-COUNTER DERIVATIVES TRANSACTIONS

SEBI may not be able to implement this Resolution at this stage as we would like to gain more experience in the area of derivatives. Development of over-the-counter markets in India (both the practice and regulations) is expected to take some more time as the exchange traded derivatives themselves have not yet been launched.

RESOLUTION ON ENFORCEMENT POWERS

SEBI adopts this Resolution. We fully endorse the need and effective implementation of enforcement powers necessary for obtaining information to investigate cases and further to share such information with other IOSCO members.

RESOLUTION ON PRINCIPLES FOR RECORD KEEPING, COLLECTION OF INFORMATION, ENFORCEMENT POWERS AND MUTUAL COOPERATION TO IMPROVE THE ENFORCEMENT OF SECURITIES AND FUTURES LAWS

SEBI adopts this Resolution and once again fully endorses the need for necessary powers for effective regulation and obtaining information and further to share such information with other IOSCO members.

N-34 Indonesian Capital Market Supervisory Agency - Indonesia

RESOLUTION ON MONEY LAUNDERING

We have examined the central issues raised in the Report of the Technical Committee on Money Laundering (Report) and believe that all of the issues raised in the Report which this organization is authorized to deal with are addressed in current Capital Market Supervisory Agency (BAPEPAM) regulations. Our responses to each of the seven issues are as follows:

1. *Customer Identifying Information*
   BAPEPAM regulations require securities companies to obtain client identification information (e.g., tax identification numbers, proof of nationality) when opening accounts and powers of attorney before third parties may place orders for client accounts.

2. *Record-Keeping Requirements*
   BAPEPAM regulations establish detailed record-keeping requirements that create an audit trail for all transactions by a securities company. All such records must be maintained for five years and be available for examinaty by BAPEPAM.

3. *Identification and Reporting of Suspicious Transactions*
Although the record-keeping requirements already imposed by BAPEPAM establish a mechanism by which securities companies may identify suspicious transactions, the issue of requiring them to report their suspicions to the government regulator charged with prosecuting money laundering offenses needs to be studied by the authorities responsible for such criminal prosecutions.

4. *Prevention of Criminals from Controlling Securities Companies*
BAPEPAM licensing regulations require applicants to disclose criminal convictions, including those of the applicant's Board of Directors and Commissioners and persons who control, are controlled by or are under common control with, the applicant in the license application.

5. *Maintenance of Monitoring and Compliance Procedures by Securities Companies*
Under BAPEPAM record-keeping requirements, securities companies can locate suspicious transactions. Under other BAPEPAM regulations, securities companies are required to maintain written procedures to provide for the frequent examination of all client accounts for the purpose of detecting irregularities and abuses. These procedures should serve to deter and detect money laundering.

6. *The Use of Cash and Cash Equivalents in Securities Transactions*
Cash is permitted to be used in securities transactions, but the record-keeping rule mentioned above include provisions for the audit of such transactions. For ownership of exchange-traded securities other than bonds to be effective against conflicting claims, registration is required.

7. *The Sharing of Information with Other Regulators*
BAPEPAM has entered into Memoranda of Understanding (MOUs) with the United Sates Securities and Exchange Commission (1992), Securities and Futures Commission of Hong Kong (1994), the Securities Commission of Malaysia (1994) and Australian Securities and Investments Commission (1997) which provide for cooperation in several areas, including enforcement, technical assistance, exchange of information, training of personnel, etc.

In summary, all but one of the issues raised in the Report are addressed by existing BAPEPAM regulations. The remaining issue, involving the reporting of suspicious transactions, has wider government implications and must be addressed by national regulators charged with prosecuting money laundering offenses.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

We have not yet reached a decision with regards to the IOSCO Resolution. We are taking the matter up with the Indonesian Accountants Institute for their comment. As soon as we have completed our examination of the issue, we shall get back to you.

N-35 Central Bank of Ireland - Ireland

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The Bank endeavours to apply the principles set out in this Resolution.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

These principles are also reflected in the EU Investment Services Directive which was implemented in Ireland in 1995. The principles are incorporated in the Stock Exchange Act, 1995 and more detailed provisions in this regard are adopted for stockbroking firms in the Stock Exchange rulebook which is approved by the Central Bank. The principles in relation to conduct of business for other investment business firms are set out in the Investment Intermediaries Act, 1995 and more detailed provisions are set out in specific requirements imposed under this Act.

RESOLUTION ON MONEY LAUNDERING

The money laundering provisions of the Criminal Justice Act, 1994, were commenced in May 1995. These reflect the main provisions of the EU Directive (91/308/EEC) of June 10, 1991 on the prevention of money laundering and the recommendations drawn up by the Financial Action Task Force on Money Laundering.

A Steering Committee was established to oversee the issue of guidelines to facilitate the implementation of the Act. In April 1995, the Steering Committee approved the issue of guidance notes relevant to a number of areas within the financial sector. There are separate guidelines in respect of Credit Institutions, Financial Institutions supervised by the Central Bank, Stockbrokers and Insurance Products (the last area does not fall within

the Central Bank's area of responsibility but is instead the responsibility of the Department of Enterprise and Employment).

The Central Bank has commenced an exercise of reviewing the guidance notes for Credit Institutions and Financial Institutions and expects to issue revised notes by end-1998.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The Bank agrees that the principles contained in this Resolution will guide its actions in the supervision of financial conglomerates. The Stock Exchange Act, 1995 and the Investment Intermediaries Act, 1995 give the Central Bank certain powers in relation to financial conglomerates. In addition, the provisions of the EU Directive (95/26/EC) amending certain other Directives including the EU Investment Services Directive (93/22/EEC) with a view to reinforcing prudential supervision (the so-called "post-BCCI Directive") has been implemented in Ireland by Statutory Instrument entitled *"Supervision of Credit Institutions, Stock Exchange Member Firms and Investment Business Firms Regulations, 1996"*.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The Bank endeavours to implement this Resolution in relation to its areas of responsibility.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The domestic standard in Ireland in the area of cash flow statements is Financial Reporting Statement 1 (FRS 1). Compliance with this standard ensures compliance with IAS 7. Therefore the current standard in Ireland is IAS 7.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The Bank endeavours to implement this Resolution as part of its supervision of futures exchanges and its supervisory responsibility for the Irish Stock Exchange.

N-36 Financial Supervision Commission - Isle of Man

RESOLUTION ON MONEY LAUNDERING

The terms of the IOSCO Resolution are fully implemented by the Isle of Man.

94-07-21

The Isle of Man has prepared draft legislation (a Criminal Justice Bill) which replicates the UK legislation in the Isle of Man. This legislation will extend and enlarge criminal sanctions against money laundering.

In addition, the Island is to be evaluated by the FATF in November of this year.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The Isle of Man Financial Supervision Commission has been actively pursuing for a number of years cooperation with other authorities on the deterrence, pursuit, and prosecution of international securities fraud, including boiler room operations. The Commission is currently considering a draft of a paper aimed at retail investors. It has not yet been issued to the public.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

Financial Reporting Standard Number 1 (FRS1) issued by the UK Accountancy Standards Directive in September 1991 is broadly in line with IAS 7 and this standard has been mandatory on all accounts prepared in the UK from March 1992 onwards. While there are no mandatory accounting standards in the Isle of Man, the Island generally follows UK accountancy standards such as FRS1.

FRS1 does have additional requirements in certain areas to those imposed by IAS 7 eg. it requires a greater number of sub-divisions. However, financial statements prepared in accordance with IAS 7 as an alternative to statements prepared under FRS1 currently are acceptable.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The Isle of Man does not have any cash or derivative markets of its own and so the Financial Supervision Commission is not a market regulator. Financial institutions operating in and from the Isle of Man trade on such markets in other countries and so the Isle of Man supports the Resolution, which is designed to improve the soundness and integrity of such markets, but it is not in a position to implement it.

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RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

As from November 2nd, 1994, CONSOB issued regulations setting up a derivative market dealing with stock index products.

The CONSOB has the supervision of this market, which operates through a screen-based trading system.

The system utilizes the facilities used by the cash market and the efficiency of the system, the storage of data, the record-keeping and the audit trail which are established by the CONSOB.

Only authorized persons in Italy may operate on this market, and they are subject to CONSOB's supervision. Investors protection and awareness by them on the risks of derivatives markets are primary concerns of the CONSOB which requires that the intermediaries may not offer products to their customers which are beyond their financial capacity and to inform them about any potential risk.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The principles have been incorporated almost as they stand in Article 21 of Legislative Decree 58 of February 24, 1998, on Consolidated Law in financial intermediation.

RESOLUTION ON MONEY LAUNDERING

The Position of Italy and the CONSOB in the Fight Against Money Laundering - Comments to IOSCO Recommendations

Introduction

Money laundering is a criminal offence in Italy, punishable with imprisonment for a period of between four and twelve years and with a fine of between two and thirty million Lire. The punishment is increased when the crime is committed in the practice of a profession and can be inflicted even when the author of the crime, the person from whom the money or goods come, cannot be charged or is not punishable.

Money laundering is defined as the activity of persons who, independently of their participation in the original offence, replace money, goods or other benefits coming from crimes of aggravated robbery, aggravated extortion, kidnapping for ransom or crimes involving the production and distribution of drugs with other money, goods or benefits, or who hinder the process of determining whether they come from such offences (Article 648 (b) of the Penal Code). Furthermore, Article 648 (c) makes the employment in economic or financial activities of money, goods or other benefits coming from crimes of aggravated robbery, aggravated extortion, kidnapping for ransom or crimes involving the production and distribution of drugs a criminal offence punishable with imprisonment for a period of between four and twelve years and with a fine of between two and thirty million Lire. The punishment is increased when the crime is committed in the practice of a profession and can be inflicted even when the author of the crime, the person from whom the money or goods come, cannot be charged or is not punishable.

The foregoing provisions were introduced in Law 55/1990 containing measures aimed at preventing mafia-type criminal activities and other serious forms of socially dangerous behaviour.

With the aim of preventing the financial system from being used for the purpose of money laundering, Law 197/1991 makes it a criminal offence to transfer cash or bearer securities (in Lire or foreign currency) between persons who are not authorized intermediaries when the total amount to be transferred exceeds twenty million Lire.

Taken together, the definition of money laundering contained in the Penal Code and the measures connected with the ban on the use of cash and bearer securities in transactions involving amounts in excess of twenty million Lire appear to be appropriate to meet the objectives established in IOSCO recommendations.

In accordance with IOSCO recommendations, the legislation on money laundering that concerns the financial system applies both to banks and to all the other non-bank financial intermediaries envisaged in Italian law.

Legislative Decree 153 of May 26, 1997 amended the laws in force - enhancing compliance with the obligation to report suspicious transactions; ensuring that the identity of any person reporting such information is kept secret; centralising the reporting of suspicious transactions at the Ufficio Italiano dei Cambi (the Italian FIU) in order to evaluate and screen the transaction; setting up expeditious operational links between financial, investigative and judicial authorities with respect to organised crime.

The Recommendations Concerning the Identification of Customers
Law 55/1990 laid down requirements regarding the identification of customers. Law 197/1991 strengthened these requirements by introducing the obligation to identify all persons who, directly or by way of a nominee, carry out transactions involving the transmission or transfer of means of payment of any kind whatsoever in excess of twenty million Lire.

As indicated earlier, such transactions may only be carried out with the intervention of an authorized person or intermediary from among those listed in Article 2 of Law 197/1991. The list includes: offices of Government departments (including post offices), credit institutions, securities firms, commission dealers authorized to operate in the area contiguous with the floor of a Stock Exchange, stockbrokers, companies authorized to engage in the door-to-door selling of securities, investment fund management companies, (central depository body of securities) trust companies, insurance companies, Monte Titoli S.p.A., and intermediaries whose object is the performance of one or more of the financial activities for which a special register is foreseen.

The list is a closed one in the sense that no alternative or additional intermediaries may be used for the transfer of money or other means of payment in excess of twenty million Lire.

The identification requirement also applies in the case of a series of transactions each involving amounts less than twenty million Lire but presumably forming part of a single operation.

Failure by the person carrying out a transaction either to register it or to indicate the true identity of the person on whose behalf it is being carried out is punishable with a fine.

Accordingly, Italian law can be considered as giving effect to IOSCO Recommendations 1, 2 and 6.

Conservation of the Data Regarding Transactions Involving Amounts in Excess of Twenty Million Lire

IOSCO Recommendation 6 can also be considered to have been implemented since the data regarding transactions have to be entered in special records and kept for ten years.

Article 3 paragraphs 1 and 2 of L. 197/1991, as amended by Article 1 of Legislative Decree no. 153/1997, provides that the manager of the office that transfers any amount exceeding twenty million Lire, has to refer, without undue delay, to persons responsible for the entity i.e. financial intermediary, any suspect transaction (thus giving effect to IOSCO Recommendations 3 and 5). Such a person after examining the documentation, is required to report the case to the Ufficio Italiano dei Cambi (Foreign Exchange Office). The latter conducts its own investigation and must report the case to the Anti-Mafia High Commissioner and a special Division of the Finance Police.

Transactions are presumed to be suspect when the number of the said transactions is not justified by the activity of the person in question or, if the intermediary has the relevant knowledge, of other members of his family or employees or collaborators of the undertaking.

IOSCO Recommendation 6 can also be considered to have been implemented since the date regarding transfer of any amount exceeding twenty million Lire have to be entered in special records and kept for ten years (art. 13, paragraph 6 of L. 15/1980, as amended by art. 2 of L. 197/1991). Furthermore, the provisions of the law on intermediaries and the related implementing regulations (Art. 6 paragraph 2 Legislative Decree 58/1998 and Art. 60 ff. of CONSOB Regulation 11522/1998) provide that data on transactions be kept so that all the steps involved in trading can be reconstructed.

Under a special memorandum entered into in 1993 with the Ufficio Italiano dei Cambi (Foreign Exchange Office), CONSOB, in conducting inspections on investment firms, checks compliance with the L. 197/1991.

Supervision of Authorized Intermediaries

Italian regulations require integrity test for members of the board as well as for general managers of the intermediaries.

Persons who have an interest in the capital of the intermediary permitting them to exercise control also have to satisfy integrity requirements (implementing of IOSCO Recommendation 4).

The Internal Organization of Authorized Intermediaries
Authorized intermediaries must take appropriate steps to prevent their being involved in money laundering operations by strengthening their systems of internal checks and controls and by providing special training for the members of their staffs (implementation of IOSCO Recommendations 3 and 5).

Oversight
The Treasury Minister carries out this function through the Italian Foreign Exchange Office, which, in cooperation with the authorities responsible for the supervision of the financial system (including the CONSOB), controls the compliance of authorized intermediaries with the provisions regarding the transfer of means of payment. In the event of anomalies emerging that could be relevant for the discovery of cases of money laundering, the Italian Foreign Exchange Office informs the Treasury Minister, who in turn informs the authorities competent for carrying out further investigations. A special division of the Finance Police is responsible for controlling compliance of other persons with the provisions regarding money laundering.

Italian law also provides for derogations from official secrecy in connection with the investigation of money laundering crimes by allowing the authorities responsible for the supervision of credit institutions and the other companies and firms referred to in the law (thus including the CONSOB) to exchange information and cooperate among themselves and, on a reciprocal basis, with the corresponding authorities in other countries (thus implementing IOSCO Recommendations 1 and 7).

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

It is fair to say that Italian law corresponds adequately to the regulatory requirements concerning financial conglomerates that follow from the Resolution approved at the 17th Annual Conference of IOSCO.

Although there is not one specific set of legislative and regulatory provisions devoted to financial conglomerates as such, the various laws and regulations governing the different sectors of the financial industry (securities markets, banking and insurance) make it possible to control and limit the risk of contagion between the different components of a

conglomerate. It is worth noting, in particular, that the regulation of financial conglomerates is especially advanced when there is a credit institution in the group. In this case the lender-of-last-resort function performed by the central bank has led to the adoption in Italian law of particularly stringent provisions regarding the control on a unitary basis of the risk associated with the conglomerate. These provisions do not take the place of the various sectoral laws and regulations and provide, as envisaged in IOSCO Recommendation No. 7, for close cooperation between the supervisory authorities competent for the different firms making up the conglomerate.

Taking the recommendations adopted by IOSCO one by one, the following comments can be made.

As regards the complementarity of the supervision of the individual components of a conglomerate and the overall control of the risk affecting the conglomerate's stability (cf. Recommendations Nos. 1 and 3), Italian law is to be considered as complying with the requirements. In particular, attention is drawn to the provisions of Articles 59ff of Legislative Decree 385/1993, which refer to the case of financial conglomerates that include a bank and applying to the conglomerate supervision on a consolidated basis. Pursuant to Art. 19, paragraph 1 (h), of Legislative Decree 58/1998 an investment firm may be authorized to provide investment services if the structure of the group to which the firm belongs is not prejudicial to an efficient supervision of the firm.

Similar provisions on companies that engage in insurance business are contained in the relevant sectoral legislation (cf. Law 20/1990 and Legislative Decrees nos. 174 and 175 of 1995).

Italian law also appears to comply with the requirements of Recommendation No. 2. In particular, strict limitations exist on the equity interests that regulated financial intermediaries (banks, securities firms and insurance companies) may acquire in other companies.

In addition, there are limitations on the operations that may be carried out between persons belonging to the same group. In particular, in the case of securities firms there are strict rules on the ways in which the firm's own capital and reserves may be invested (government securities, material assets serving to carry on the business, government securities issued or guaranteed by another OECD country, etc.; cf. Article 43 of the CONSOB regulations of July 2nd, 1991).

The requirements concerning the complete transparency of the structure of financial conglomerates contained in Recommendations Nos. 4 and 5 can be considered as being met in Italy. The various sectoral laws and regulations establish strict rules on the acquisition of equity interests in financial intermediaries; in the case of banks and insurance companies, provision is made for forms of authorization by the competent supervisory authorities. Furthermore, in case of transfer of control of the investment firm, the Bank of Italy may prohibit the acquisition of an interest where it considers that the potential acquirer is not likely to ensure the sound and prudent management of the firm or permit its effective supervision (Art. 15 of Legislative Decree 58/1998 and the relevant regulations). In addition, it is considered essential for an intermediary to meet the integrity requirements and those regarding sound and prudent management on a continuing basis for the purpose of maintaining its authorization to engage in business. In turn, the limitation and control of the acquisition of equity interests in other companies (again with forms of control that include authorization and subsequent supervision) make it possible for the supervisory authorities to verify the structure of a conglomerate at any time and to prevent manipulation that could impede the regulation of its activities. Moreover, the financial intermediaries referred to above are required to create internal structures that permit the adequate performance of the activities they are authorized to undertake, allow the supervisory authorities to monitor their business continuously and enable the intermediaries to comply with the directives and rules issued by such authorities.

Similar considerations apply with respect to Recommendation No. 6 regarding companies' management. The sectoral laws and regulations lay down fit-and-proper-person criteria, compliance with which is also a condition for intermediaries to maintain their authorization to engage in business.

Italian law can also be considered to comply with Recommendation No. 8 concerning the role of external auditors. In fact, provision is made for the annual accounts and financial statements to be audited by a firm of external auditors subject to the supervision of the CONSOB, and supervisory authorities are authorized to apply to such auditors for all the information they may need in order to perform their functions.

More generally, as regards cooperation at the international level with other supervisory authorities (cf. Recommendation No. 7), under Italian law both the CONSOB and the Bank of Italy are empowered to exchange information with foreign authorities. We agree on the desirability of identifying a lead regulator, but believe that in practice its identity tends to emerge automatically from the regulatory provisions regarding the individual component parts of a conglomerate. For instance, in the case of a banking group, the role

of lead regulator will evidently be played (as far as the stability of the group is concerned) by the authority competent for the supervision of credit institutions.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

Italian regulation already contains all the elements allowing the implementation of this Resolution.

1. The provision of investment services, in Italy, is allowed, under Legislative Decree 58/1998, only to intermediaries expressly authorized (i.e., mainly, securities firms (SIMs) and banks). Furthermore, providing investment services in Italy is allowed to EU and non-EU investment firms, under the procedure set in Articles 26 ff. of Legislative Decree 58/1998. Intermediaries have to comply with standards in their activity such as honesty, diligence, correctness, transparency, proficiency, capital and rules of conduct. These intermediaries have to comply with standards in their activity: honesty, proficiency, capital and rules of conduct. Consequently, if a person wishes to offer financial services in Italy, including from a foreign country, he must do it through an authorized intermediary.

   Moreover, in the case of a public offering of securities (which is not limited to an offering through the media), the regulation on public offerings is applicable, under Article 94 ff. of Legislative Decree 58/1998.

   This regulation requires the prior publication of a prospectus, with the visa of the CONSOB, and the Commission has also jurisdiction on all advertising about the offer.

   The sale of securities through media is prohibited, because it is required that investors, before closing a transaction, receive a prospectus or a summary notice, reviewed by the CONSOB, which refers to the prospectus, and the subscription form is an integral part of the prospectus or summary notice.

   If the CONSOB is informed that a public offering is made in contravention to the applicable regulation, it refers the matter to the Public Prosecutor's Office and, if applicable, would impose appropriate sanctions to the intermediaries involved. The CONSOB informs also the market in the case of violations of Italian rules, through press releases.

2. The rules of conduct applicable to intermediaries are binding and cover, in particular, relations with customers and conflicts of interest; their violation is sanctioned.

   In particular, these rules provide that intermediaries shall have a good knowledge of the products offered to the public, explain to their clients the risks of the proposed investment, and shall not recommend any transaction which is not suitable or consistent with the financial situation of the client.

3. Cooperation activity is generally effected by the CONSOB vis-à-vis foreign securities regulators on the basis of agreements between the CONSOB and these regulators.

   Italian law requires reciprocity for the purposes of cooperation as regards confidential information, in the case of jurisdictions which are not part of the European Union. In this context, unsolicited assistance may be provided.

4. The CONSOB may order a freeze of securities deposited with the Monte Titoli (centralized depository), when the intermediary is unable to meet his liabilities.

   In the course of the transposition of the European Union Directive on investment services, precautionary measures could be reviewed and the requirements of international cooperation would be duly considered.

5. The CONSOB works in close cooperation with the Judicial Authorities in order to identify and to repress illicit behaviours in the securities markets and it cooperates also with corresponding foreign Authorities.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The CONSOB officially recognized IAS 7 as an accounting principle which may be used for the purpose of the Cash Flow Statement, in case of multinational offerings of securities and for requirements related to continuous information to be provided by foreign issuers.

Furthermore, this Resolution has been published in CONSOB's Official Bulletin of April 8, 1994 and communicated to the Italian professional bodies (Consiglio Nazionale dei Dottori Commercialisti and Consiglio Nazionale dei Ragionieri).

These professional bodies transposed IAS 7 in domestic regulations, issuing the Principle 12 in January 1994, that deals with the content and the layouts of Balance Sheets, Income Statements and Cash Flow Statements of industrial and commercial companies. IOSCO Resolution is mentioned in a footnote of this principle.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

In the framework of agreements between competent Authorities, the CONSOB is disposed to provide full cooperation to other competent Authorities exercising oversight of cash and derivative markets as regards intermediaries as well as markets, to provide requested information and to implement the provisions of the Resolution.

According to Italian legislation, in the case of jurisdictions that are not part of the European Union, reciprocity is a prerequisite for cooperation agreements. Another requirement is to maintain the confidentiality of any information provided by the CONSOB and having a confidential character.

Derivatives contracts design activity may be conducted by the markets themselves, however contracts are subject to CONSOB's approval and supervision.

RESOLUTION ON PROVIDING CERTAINTY OF THE ENFORCEABILITY OF NETTING ARRANGEMENTS FOR OVER-THE-COUNTER DERIVATIVES TRANSACTIONS

Article 203 of Legislative Decree 58/1998 provides that financial derivatives, which are in force at the date of declaration of bankruptcy of an intermediary party in the contract, are resolved on that date. Compensation of debts and claims would therefore apply. For these purposes substitution costs of derivative instruments (with reference to their market values on the date of bankruptcy) are applicable.

RESOLUTION ON PRINCIPLES FOR RECORD KEEPING, COLLECTION OF INFORMATION, ENFORCEMENT POWERS AND MUTUAL COOPERATION TO IMPROVE THE ENFORCEMENT OF SECURITIES AND FUTURES LAWS

Italian Law (Articles 8, 17, 74, 78, 97, 115, 162 of Legislative Decree 58/1998) empowers CONSOB to require listed companies, intermediaries conducting securities business, companies running markets and auditing companies to provide on an "ad hoc" or a regular basis, information and documents supplementing those specified in the law and to lay down the relevant time limits.

Intermediaries and regulated markets must keep records of all transactions carried out on financial instruments. Furthermore, CONSOB may ask for beneficial ownership and banking secrecy cannot be opposed (included in cases of nominees).

CONSOB may also carry out on-site inspections and obtain information and explanations from directors, members of the board of auditors, independent auditors, general managers.

CONSOB may request the cooperation of other administrations.

Similar provisions also apply to persons who participate in any transaction involving the raising of funds from the public, investment funds management companies, trust companies, auditing firms and persons who control companies with shares listed on regulated markets.

In the event of a suspected breach of law regarding insider trading or market manipulation, the provisions regarding requests for information and on-site controls described above, apply to all the persons who hold information on the suspected transactions.

Failure to provide documents and information that CONSOB requests is a criminal offence. Sanctions will be imposed by the judicial authorities. Pecuniary administrative sanctions will be imposed by the Ministry of the Treasury following CONSOB's recommendations.

CONSOB cooperates, by exchanging information and otherwise, with the competent authorities of EU and non-EU countries (Art. 4 of Legislative Decree 58/1998).

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Financial Supervisory Agency - Japan

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The ten principles for the oversight of screen-based trading systems for derivative products have been embodied for Japan's derivative trading systems on stock indices and others in the relevant stipulations incorporated in the Securities and Exchange Law and Exchange rules.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The essential components of the Principles are embodied in the present laws, administrative circular notices, self-regulatory rules of the Japan Securities Dealers Association and Stock Exchanges, and internal rules of securities firms. Some Principles have recently been introduced in the Securities and Exchange Law in more explicit manner.

RESOLUTION ON MONEY LAUNDERING

The Resolution on Money Laundering has already been fully implemented in Japan. Two laws concerning Narcotic Drugs were enacted in October 1991, followed by a cabinet order which obligates financial institutions to report suspiscious transactions. Further details has been outlined in a Securities Bureau's notice and Japanese Securities Dealers Association self-regulatory rules.

The following illustrates how the IOSCO recommendations on money laundering have already been incorporated in the Japanese legal framework.

A. Customer Identification

The Ministerial Notice "The Prevention of Money Laundering Related to Illegal Drug Transactions", (the Notice) issued in June 1990, obligates securities firms to identify their account holders by an official identification document.

The Japanese Securities Dealers Association (JSDA) announced a rule in October 1990, which describes in detail the obligation of the securities firms regarding the identification of their customers and the record-keeping requirement.

B. *Record-Keeping and the Ability to Reconstruct Transactions*

The Notice stipulates that the record-keeping requirement by the securities firms is five years. The Notice is currently incorporated in the rule by the JSDA.

C. *Detecting and Reporting Suspicious Transactions*

The Special Measures on Drugs Act, enacted October 1991, obligates financial institutions to report suspicious transactions to their regulatory authorities.

The Act is currently incorporated in the Ministerial Notice.

D. *Preventing Control of Securities and Futures Firms by Criminals*

Under the Securities and Exchange Law, a license is required in order to engage in broker / dealer activities. Application for a license will be examined by the Financial Supervisory Agency in advance, and any person who does not meet the qualification standards will not be granted a license.

E. *Monitoring / Developing Programs for Firms to Guard Against Money Laundering*

The Notice obligates securities firms to develop internal policies, procedures and controls including designation of compliance officers at the management level, ongoing employee training programs, and audit functions to test the internal systems. The Notice is currently incorporated in the rule by the JSDA.

F. *Use of Cash in Securities and Futures Transactions*

When cash is used in securities and futures transactions it will be recorded under a special format. Therefore, there will be few problems in reconstructing these transactions.

G. *Forms of Cooperation*

As described in paragraph C, financial institutions are obligated to report suspicious transactions to their respective regulatory authorities, and law enforcement agencies have access to this information.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

In Japan, a typical financial conglomerates does not exist, because the Anti-Monopoly Law had prohibited until December 1997 establishment of a financial holding company, and limits a financial institution's equity ownership in other domestic companies to 5% in principle. However, a securities company has been allowed to hold overseas securities and / or bank subsidiaries, as well as some non-financial domestic affiliated companies. In addition, the financial system reform enacted in 1994 enabled securities companies to hold a domestic bank subsidiaries and vice versa.

In December 1997, the related Laws were amended so that the establishment of a financial holding company be allowed.

The following describes how the IOSCO principles are already incorporated in the Japanese legal framework of supervision on securities companies.

A. *Group-Based Risk Assessment*

Securities companies are required to submit periodic reports to the Financial Supervisory Agency (FSA) regarding their subsidiaries and affiliated companies. The FSA monitors the risk of these affiliated companies through such reports, and conducts hearing if necessary.

B. *Investments in Other Group Companies*

Investments in other group companies are appropriately controlled by the capital adequacy rules.

- Capital investments in group companies are treated as non-allowable assets and are deducted from the capital base.

- Loans made to group companies are also treated as non-allowable assets.

C. *Intra-Group Exposures*

Trading exposures with domestic affiliated firms, foreign branch offices and subsidiaires are reported on a semi-annual basis, and will be followed by a hearing if necessary.

Equity and debt investments in subsidiaries are appropriately controlled by the capital adequacy rule as described in paragraph B.

D. Structure of Financial Conglomerates

The affiliated companies of securities firms must be stated in the certified document of business method of the securities firms, and any change in those affiliated companies must be reported.

E. Relationships with Shareholders

Securities companies are required to report their major shareholders (the top 20), and groups of shareholders with combined ownership of more than 5% of the total number of outstanding shares (special group shareholders), at the end of their business years.

F. Management

The Securities and Exchange Law provides that if a manager of a securities company does not meet the regulatory standards, his license to conduct securities business will be refused or revoked. In the near future, the related Laws will be amended so that the establishment of a financial holding company be allowed. The issue of group management at the holding company level is under consideration.

G. Supervisory Cooperation

In Japan, all financial institutions, including securities companies, banks and insurance companies, are supervised by the FSA in principle. Cooperation among the respective authorities within the Agency is carried out effectively.

H. External Auditors

Large corporations defined under the Commercial Law must be audited by external auditors. (Out of 233 securities firms, 135 must employ external auditors as of the end of June 1998.)

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The measures of the Resolution are applied.

Article 3 of the Law on Foreign Securities Companies and Article 2 of the Cabinet Order prohibit unlicensed overseas securities companies from soliciting non-professional investors residing in Japan for transaction of securities. The solicitation in this context is defined extensively by the Ministry Order, as follows:

i) advertisement of securities investments through mass media, such as a newspaper, magazine, television, radio and the like;

ii) undertaking of an explanatory meeting concerning securities investments;

iii) offering of information on securities investments by oral, written, or other form of communication; and

iv) activities similar to those of i) to iii) above.

For educating purpose, the Japan Securities Dealers Association and other public organizations, in their pamphlets and telephone-services for non-professional investors, draw their attention to the risks attached to securities transactions with unlicensed securities companies.

Moreover, exchange of information with other authorities including transnational securities violations is being addressed under the current bilateral consultations for signing MOU on mutual assistance.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The accounting standards for cash flow statements issued by the Business Accounting Council in March 1998 require that consolidated cash flow statements be drawn up as a consolidated financial statement from the business year starting on or after April 1st, 1999.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The components pointed out in the Resolution are implemented in the related cash and derivative markets in Japan as specified below.

A. Contract Design of Derivative Products on Stock Indices

The Osaka Securities Exchange introduced in February 1994 futures and options based on Nikkei Stock Index 300 (Nikkei 300). The essential points which the Resolution recommended were taken into consideration by the related Exchanges and the Securities Bureau in designing futures and options based on Nikkei 300 as follows:

- *The Method of Calculation*

Nikkei 300 is a capitalization-weighted index, so that the price movements of a few particular component stocks do not exert undue influence on the movement of the index. In addition, the index calculation formula is open to the public.

- *The Number of Component Stocks*

Nikkei 300 is composed of 300 representative stocks of the Tokyo Stock Exchange (TSE) first section. The market value of the underlying 300 stocks covers 67% of that of all stocks listed on the TSE first section, so that the price movements of a few particular component stocks do not exert undue influence on the movement of the index.

- *The Liquidity of Component Stocks*

In selecting components of Nikkei 300, market data representing liquidity of component stocks, such as traded day ratio and trading volume in the TSE first section were taken into account.

- *The Dispersion of Component Stocks Within a Business Sector or Across Sectors*

The procedure for selecting components of Nikkei 300 is designed to select the largest market value stocks in each industrial sector so that the index replicates the market value distribution across the sectors.

- *The Replacement of Component Stocks*

The component stocks are reviewed annually in October in accordance with the "Deletion / Addition Rule" which are open to the public.

- *Clearance and Settlement*

The final settlement price shall be a Special Nikkei Stock Index 300 (Special Quotation) whose calculation will be based on the opening prices of each component issue in the Nikkei 300 on the business day following the last trading day.

In introducing Nikkei 300 futures and options, the related exchanges on which the derivative product and the underlying cash product trade cooperated to assure an appropriate design of the index.

B. Measures to Minimize Market Disruption

In Japan, special quotes and price limits had been implemented in cash and derivative markets as measures to minimize market disruption. In addition to those measures, circuit-breakers have been introduced into some exchanges with the commencement of Nikkei 300 futures and options contracts tradings since February 1994. In introducing circuit-breakers the relevant market authorities reviewed experiences of other jurisdictions which already have circuit-breakers in place.

- *Special Quotes*

A special quote which temporarily keeps orders unmatched is disseminated to the public in order to enable market participants to respond to order imbalances and prevent drastic price volatility.

- *Price Limits*

The price limit prevents excessive daily swings in prices by setting acceptable daily price ranges. At present, the daily price limit is fixed at about 5% above or below the standard price (the previous day's settlement price).

- *Circuit-Breakers*

a) When a price of a stock index futures contract advances (or declines) in excess of the predetermined index points from the last business day's closing price, and also differentiates in excess of the predetermined index points from its theoretical price, trading in the futures contract and its related options contracts shall be halted for 15 minutes.

b) When the Tokyo Stock Price Index (TOPIX) moves up (or down) in excess of the predetermined index points from the last business day's closing value, purchases (or sales) in the cash market involved in the index arbitrage trading for member's proprietary account shall be restricted. When the TOPIX subsequently moves back within the predetermined index points from the last business day's closing value, the restriction shall be removed.

C. Mechanisms to Enhance Open and Timely Communication Between Market Authorities of Related Cash and Derivative Markets During Periods of Market Disruption

The Financial System Planning Bureau has been encouraging the related exchanges to consult with each other with a view to promoting information sharing.

RESOLUTION ON COMMITMENT TO BASIC IOSCO PRINCIPLES OF HIGH REGULATORY STANDARDS AND MUTUAL COOPERATION AND ASSISTANCE

Self-Evaluation

A. Information Maintained

Describe whether your jurisdiction requires that records of the beneficial ownership and controlling persons of corporate or other entities, and their bank / brokerage accounts, financial statements and transactions in connection with securities and futures, be maintained by an organization or an authority (e.g. register of companies or securities and futures regulators, or self-regulatory organizations) or the entity (e.g. a bank or a brokerage firm) involved.

In Japan, any corporate is required to record and preserve detailed matters including information regarding beneficiary ownership of the corporate by the commercial law and other related rules.

The records of the bank / securities accounts and transactions in connection with securities and futures are required to be maintained by banks / securities companies under the Securities and Exchange Law (SEL) and the rules of self-regulatory organizations.

Under the SEL, issuers of securities are required to disclose an annual report and securities registration statements which contain the company's financial information.

(1) Registration of Incorporation

The specific information which is maintained:

- The purpose of incorporation, name, the addresses of head office and branch offices, the total number and kind of issued securities, the name of managing director and auditor and the address and the name of the representative director (Article 188 of the Commercial Law.

The organization, authority or entity that maintains the information:

- The Ministry of Justice (Article 1 of the Commercial Registration Law).

The period for which the information is maintained:

- Permanent (Article 34 of the Commercial Registration Rule).

Whether the information is considered to be public or non-public:

- Public (Articles 10 and 11 of the Commercial Registration Law).

(2) The Record of Transaction of Securities and Futures

The specific information which is maintained:

- Statutory book: order sheet, book of daily transaction, delivery account, book of total transaction account, daily account, cash book, book of commercial securities transaction account, book of customer transaction accounts, book of delivered securities number, statement of deposited securities (Article 188 SEL, Article 13 of the Ministerial Ordinance on securities company, Article 75 of the Financial Futures Transaction Law, Article 28 of the Financial Futures Transaction Rule).

The organization, authority or entity that maintains the information:

- Securities company.

The period for which the information is maintained:

- Ten years.

Whether the information is considered to be public or non-public

- Non-public.

(3) The Information of Accounts of Bank / Brokerage

The specific information which is maintained:

- Banks are required to confirm the identification of any customers when they open an account. They should also maintain the materials for identification (i.e. copy of driver's license and passport, etc.) and the record of an account (Directive of the Banking Bureau of the Ministry of Finance).
- Securities companies shall maintain a customer card and containing the matters listed below for these customers who carry out the selling and buying of securities and other forms of transaction, etc.: name, address, occupation, state of assets, kind of trading, means of identification, etc. (Article 4 (1) of Fair Business Practice Regulations of Japan Securities Dealers Association No. 9: Regulations Concerning Solicitation for Investment and Management of Customers).

The organization, authority or entity that maintains the information:

- Banks and securities companies.

The period for which the information is maintained:

- Five years.

Whether the information is considered to be public or non-public:

- Non-public.

(4) An Annual Report and Securities Registration Statements

The specific information which is maintained:

- Financial statements (Articles 5, 24 SEL).

The organization, authority or entity that maintains the information:

- The Ministry of Finance, issuing corporations, stock exchanges, the Japan Securities Dealers Association.

The period for which information is maintained:

- Five years (Article 25 SEL).

Whether the information is considered to be public or non-public:

- Public.

(5) An Accounting Book (Articles 143, 147, 223 and 429 SEL; Article 75 of the Limited Private Company Law)

The information which is maintained:

- Profit and loss statement, balance sheet, list of shareholders.

The organization, authority or entity that maintains the information:

- Headquarter of each company.

The period for which the information is maintained:

- Ten years from the registration of liquidation.

Whether the information is considered to be public or non-public:

- Public.

B. Collection of Information

1. Can the information outlined in Section A above be collected by your organization from:

(1) Registration of incorporation, and (4) Annual report and securities registration statements:

Anyone might be able to read and inspect them (Articles 10 and 11 of Commercial Registration Law, Article 25 SEL).

(2) Securities and futures transactions, (3) Accounts of bank / brokerage, (5) accounting book:

When the Financial Supervisory Agency (FSA) or Securities and Exchange Surveillance Commission (SESC) deem it necessary and appropriate for the public interest or the protection on investors, they may order any securities company, any person who deals with such securities company, or its subsidiaries to submit the reports or materials which may serve as the reference relating to the property of such securities company in the case of subsidiary (Articles 55 and 56 SEL).

When the officer of the SESC finds it necessary for the investigation of any criminal offences on the violation of the securities and exchange law (ex. Stock price manipulation, insider trading, loss compensation, the submission securities reports with falsified information), the official of SESC may ask any suspect or witness to report personally at SESC, interrogate such suspect, inspect things which such suspect has on his person or left behind at SESC or keep in custody things which such suspect has surrendered or left behind of his own accord (Article 210 SEL), and may visit and inspect

or search the premises of any suspect or seize things relating thereto after obtaining a written permission in advance from the Courts (Article 211 SEL).

2. If the information outlined in Section A above cannot be collected by your organization but can be collected by another authority (whatever its scope of competence and including any judicial authority) in your jurisdiction from any of the sources identified above, please identify the authority and explain under what circumstances or conditions.

Not applicable.

3. Please discuss whether, in your jurisdiction banking or other business secrecy laws are imposed on market participants preventing them from providing information to domestic securities and futures authorities, including the legal basis of such restrictions and any exemption or gateway allowing information to be obtained.

Japanese jurisdiction does not have any banking or other business secrecy laws imposed on market participants preventing them from providing information to domestic securities and futures authorities.

4. Please describe whether, in response to a request from a foreign authority involving potential violations of securities and futures laws, your organization (or the authority identified in response to Section B.2 above) has the authority to compel from the sources listed in Section B.1, and under what circumstances or conditions.

As described in C.

C. Information that May be Communicated to a Foreign Authority

1. Please describe whether you can communicate the following information, documents and statements to a foreign securities and futures authority:

(a) public information,
(b) non-public information in the possession of the authority,
(c) documents collected by the authority on a voluntary basis,
(d) documents collected by the authority on a voluntary basis at request of a foreign authority,
(e) documents collected by the authority on a compulsory basis,
(f) documents collected by the authority on a compulsory basis at request of a foreign authority,
(g) statements taken by the authority on a voluntary basis,

(h) statements taken by the authority on a voluntary basis at request of a foreign authority,
(i) statements taken by the authority on a compulsory basis,
(j) statements taken by the authority on a compulsory basis at request of a foreign authority,
(k) information obtained from another authority within your jurisdiction (please provide details, and

All the information from (a) to (k), but (i) and (j), might be communicated to foreign authorities. Government officials are bound by the duty of confidentiality of the non-public information. Information requested by foreign authorities will be dealt with on a case-by-case basis, comparing the benefit to the public interest by providing the information to the one to public interest by keeping confidentiality. Explaining about (i) and (j), no authorities are able to take statements on a compulsory basis.

The information which may be communicated to foreign authorities is classified as follows:

(i) information which is used for an administrative investigation conducted by a foreign securities authority:

When the FSA has received a request form an authority which execute a foreign law equivalent to the present law for cooperation about an administration investigation to execute the foreign securities law within the competence of the foreign securities regulatory authority, the FSA may order any person who trades securities, or transacts with the person in such a foreign country and any other related persons to submit a report or materials for reference, when the FSA deems it proper to respond to the request to the extent that the FSA find it necessary and appropriate (Article 189 SEL).

The following information may be provided by the FSA without conducting an investigation pursuant to Article 189 SEL: (1) public information, (2) information held by the FSA or SESC when the request is made, (3) information obtained by the FSA or SESC, after the request is made, through investigation based on the provisions other than Article 189 SEL.

(ii) the information which is used as evidence for a criminal investigation conducted by a foreign authority:

In the event that the information requested is to be used as evidence for a criminal case investigation in a foreign country, the foreign authorities shall ask the Minister of Foreign Affairs of Japan for the assistance pursuant to the Law for International Assistance in Investigation (LIAI). The Minister of Foreign Affairs shall carry out the receipt of such requests for assistance and the forwarding of evidence to the requesting country. In case of emergency or any other special circumstances, the Minister of Justice shall carry out these duties on the condition the Minister of Foreign Affairs consents (Article 3 LIAI). Upon receiving a request for assistance, the Minister of Justice shall take action pursuant to LIAI.

2. Obstacles to Information Sharing

Please discuss whether, in your jurisdiction, secrecy or blocking laws are imposed on information sharing with foreign securities and futures authorities.

Japanese jurisdiction does not have any secrecy or blocking laws imposed on information sharing with foreign securities and futures authorities. However, the following requirements should be imposed by the classification (i) and (ii) as below:

(i) information which is used for an administrative investigation conducted by a foreign securities regulatory authority,

(ii) the information which is used as evidence for a criminal investigation conducted by a foreign authority.

Restriction of Use

(i) The information obtained shall be used solely for administrative purpose and, therefore, shall not be used for a criminal investigation, prosecution or judicial proceeding. Appropriate measures were necessary regarding providing information not to be used as evidence for criminal investigations by foreign authorities in accordance with the former Article 189 of the SEL until this June. However, appropriate measures are only necessary regarding providing information not to be used for a criminal proceedings conducted by a Court or a Judge from July 1st, 1998, with the amendment of the SEL to expand the extent of information use (Article 189 (1), (4) SEL).

(ii) The information shall be used for the investigation on criminal case in their country (Article 2 LIAI).

Dual Criminality Requirements

(i) No provision.

(ii) The acts constituting the offence for which assistance is requested should constitute an offence under the laws, regulations or ordinances of Japan if the act were committed in Japan (Article 2 LIAI).

Reciprocity Requirements

(i) There should be the guarantee of the securities regulatory authority that it will respond to a similar request from Japan (Article 189 (2) SEL).

(ii) The requesting authority should assure that it would honor a request of the same kind made by Japan (Article 2 LIAI).

Confidential Treatment Requirements

(i) and (ii) Confidentiality should be required if the providing information would be non-public.

Framework of Information Sharing

(i) The framework of information sharing shall be as follows:

- The Minister of Foreign Affairs and the foreign competent authority exchange a diplomatic note concerning information sharing.
- The Commissioner of the FSA and the foreign regulatory authority shall implement the arrangement.
- Foreign securities regulatory authority shall request information from the Commissioner of the FSA (Article 189 (1) SEL).

(ii) Foreign authority should request information from the Minister of Foreign Affairs (Articles 3 and 4 LIAI).

Others

(i) Providing the information should not exert a seriously adverse influence upon the capital market of Japan and prejudice the public interest of Japan (Article 189 (2) SEL).

Providing the information should not be passed on to other supervisory and law enforcement agencies in its jurisdiction from July 1st, 1998 (Article 189 (2) SEL).

(ii) The offence for which assistance is requested should not be a political offence (Article 2 LIAI). In the case of a request for the examination of a witness or the submission of seizable evidentiary material, the requesting authority shall clearly demonstrate in writing that evidence is indispensable to the investigation (Article 2 LIAI).

RESOLUTION ON PROVIDING CERTAINTY OF THE ENFORCEABILITY OF NETTING ARRANGEMENTS FOR OVER-THE-COUNTER DERIVATIVES TRANSACTIONS

Close-out Netting Agreements are generally perceived as valid under Japan's bankruptcy laws, and since December 1998, the new Law on Close-out Netting for Special Financial Transactions by Financial Institutions provides certainty of the enforceability of bilateral close-out netting arrangements when either or both party / parties is / are financial institution(s).

RESOLUTION ON ENFORCEMENT POWERS

Regarding information for an administrative investigation by a foreign securities authority, when the FSA has received a request from an authority which executes a foreign law equivalent to the present law for cooperation regarding an administrative investigation to execute the foreign securities law within the competence of the foreign securities regulatory authority, the FSA may order any person who trades securities, or transacts with persons in said foreign country and any other related persons to submit a report or materials for reference, when the FSA deems it proper to respond to the request to the extent that the FSA finds necessary and appropriate (Article 189 SEL).

The following information may be provided by the FSA without conducting an investigation pursuant to Article 189 of the SEL: (1) public information, (2) information held by the FSA when the request is made, (3) information obtained by the FSA, after the request is made through investigations based on provisions other than those of Article 189 of the SEL.

Appropriate measures were necessary regarding providing information not to be used for criminal investigations by foreign authorities in accordance with the former Article 189 of the SEL until this June. However, appropriate measures are only necessary regarding providing information not to be used for criminal proceedings conducted by a Court or a Judge from July 1st, 1998, with the amendment of the SEL to expand the extent of information use.

In the event that the information requested is to be used as evidence for a criminal case investigation in a foreign country, the foreign authorities shall request the information through diplomatic channels in accordance with the Law for International Assistance Investigation ("LIAI"). The Ministry of Foreign Affairs shall carry out the receipt of such requests for assistance and the forwarding of evidence to the requesting country. In case of emergency or any other special circumstances, the Ministry of Justice shall carry out these duties on the condition that the Ministry of Foreign Affairs consents (Article 3 of the LIAI). Upon receiving a request for assistance, the Ministry of Justice shall take action pursuant to LIAI.

RESOLUTION ON PRINCIPLES FOR RECORD KEEPING, COLLECTION OF INFORMATION, ENFORCEMENT POWERS AND MUTUAL COOPERATION TO IMPROVE THE ENFORCEMENT OF SECURITIES AND FUTURES LAWS

A. Record Keeping

In Japan, all corporations are required to maintain and store detailed records, including information regarding beneficiary ownership of the corporation, under the Commercial Law and other related rules.

Records of bank / securities accounts and transactions related to securities and futures must be maintained by banks / securities companies under the Securities and Exchange Law (SEL) and the rules governing self-regulatory organizations.

(1) Registration of Incorporation

a) Specific Information Maintained

Purpose of incorporation, name, addresses of head office and branch offices, total number and kind of corporate securities issued, name of managing directors and auditors and the address and the name of the representative directors (Article 188 of the Commercial Law).

b) Organizations, Authority, or Entity that Maintains the Information
Ministry of Justice (Article 1 of the Commercial Registration Law).

c) Period for Which the Information is Maintained
No limit (Article 34 of the Commercial Registration Rule).

(2) Records of Securities and Futures Transactions

a) Specific Information Maintained
In the statutory book: order sheets, book of daily transactions, delivery accounts, book of total transaction accounts, daily accounts, cash books, book of commercial securities transaction accounts, book of customer transaction accounts, book of delivered securities numbers, statement of deposited securities (Article 188 of the SEL; Article 13 of the Ministerial Ordinance on Securities Companies; Article 75 of the Financial Futures Transaction Law; Article 28 of the Financial Futures Transaction Rule).

b) Organization, Authority, or Entity that Maintains the Information
Securities company.

c) Period for Which the Information is Maintained
Ten years.

(3) Information on Accounts of Banks / Brokerage

a) Specific Information Maintained
Banks are required to confirm the identification of all customers when they open an account. They should also keep the materials for identification and records for each account (Directive of the FSA). Securities companies should maintain a customer card that and contains the matters listed below for customers who perform the selling assets, kind of trading, means of identification, etc. (Article 4 (1) of the Regulations Concerning Solicitation for Investment and Management of Customers: Fair Business Practice Regulations of Japan Securities Dealers Association No. 9).

b) Organization, Authority, or Entity that Maintains the Information
Banks and securities companies.

c) Period for Which the Information is Maintained
Five years.

B. Collection of Information

(1) Registration of Incorporation

Anyone may read and inspect registrations.

(2) Records of Securities and Futures Transactions and

(3) Information on Accounts of Banks / Brokerage

When the FSA deems it necessary and appropriate for the public interest or the protection of investors, it may order any securities company, any person who deals with such securities company, or its subsidiaries to submit the reports or materials which may serve as a reference regarding the property of the securities company in the case of a subsidiary.

Japan does not have any banking or other business secrecy laws preventing securities authorities from collecting information from any securities company, any person who deals with such securities company, or its subsidiaries.

C. Enforcement of Securities and Futures Laws and International Cooperation

Regarding information for an administrative investigation by a foreign securities authority, when the FSA has received a request from an authority which executes a foreign law equivalent to the present law for cooperation regarding an administrative investigation to execute the foreign securities law within the competence of the foreign securities regulatory authority, the FSA may order any person who trades securities, or transacts with persons in said foreign country and any other related persons to submit a report or materials for reference, when the FSA deems it proper to respond to the request to the extent that the FSA finds necessary and appropriate (Article 189 SEL).

The following information may be provided by the FSA without conducting an investigation pursuant to Article 189 of the SEL: (1) public information, (2) information held by the FSA when the request is made, (3) information obtained by the FSA, after the request is made through investigations based on provisions other than those of Article 189 of the SEL.

Appropriate measures were necessary regarding providing information not to be used for criminal investigations by foreign authorities in accordance with the former Article 189 of the SEL until this June. However, appropriate measures are only necessary regarding providing information not to be used for criminal proceedings conducted by a Court or a Judge from July 1st, 1998, with the amendment of the SEL to expand the extent of information use.

In the event that the information requested is to be used as evidence for a criminal case investigation in a foreign country, the foreign authorities shall request the information through diplomatic channels in accordance with the Law for International Assistance Investigation ("LIAI"). The Ministry of Foreign Affairs shall carry out the receipt of such requests for assistance and the forwarding of evidence to the requesting country. In case of emergency or any other special circumstances, the Ministry of Justice shall carry out these duties on the condition that the Ministry of Foreign Affairs consents (Article 3 of the LIAI). Upon receiving a request for assistance, the Ministry of Justice shall take action pursuant to LIAI.

D. Removal of Impediments to Cooperation

As mentioned in Section C, the relevant Japanese authorities are permitted to cooperate or share information with foreign authorities.

N-41 Jersey Financial Services Commission - Jersey

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The IOSCO Resolution on Principles for the Oversight of Screen-Based Trading Systems for Derivative Products is not applicable to Jersey in the absence of any such markets in the jurisdiction. However, the Department supports the principles of the Resolution in this important area of securities regulation.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The principles are being implemented through current and planned legislation, the associated supervisory framework and codes of practice.

RESOLUTION ON MONEY LAUNDERING

Although not a member of the Financial Action Task Force ("FATF") Jersey has taken action in a number of ways to combat money laundering not only in the securities and futures area but also generally within the Island's finance industry. Jersey has confirmed its endorsement of the forty recommendations of the FATF in that regard. As part of its

continuing activities, the Island has also participated in an FATF-type evaluation process to measure its progress and effectiveness in developing and implementing policies and programmes, enforced by legislation, regarding money laundering.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

We confirm that it is Jersey's intention to be guided by the principles on the supervision of financial conglomerates.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The IOSCO Resolution on Coordination Between Cash and Derivative Markets is not applicable to Jersey in the absence of any such markets in the jurisdiction. However, the Department supports the principles of the Resolution in this important area of securities regulation.

N-42 Jordan Securities Commission - Jordan

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

By the new Law, the financial services companies will be licensed by The Securities Commission to perform any of the following activities:

1. Investment trusteeship;
2. Investment management;
3. Financial consultations;
4. Financial brokerage;
5. Depository services;
6. Management of primary issues;
7. Any other activities specified by regulations.

Also note that the financial services companies are subject to The Securities Commission’s monitoring and supervision.

The new Law gave the following definitions to the insider information and the insider person, insider information shall mean any information that has not been made public and that, if advertised, would likely affect the price of one security or more. Insider information shall not include conclusions drawn from financial and economic studies and analyses. An insider shall mean a person entrusted with the confidentiality of insider information he has access to by virtue of his position or work. According to Article (69) of the new Law, the following procedures are considered:

a) If the Commission finds, after notice and opportunity for hearing, that any person has violated or has taken preparatory measures to violate this law or any rules and regulations and instructions issued pursuant there to, the Commission may order him to undo the violations and their resulting conditions, cease and desist from committing the violations, or cease and desist from taking preparatory measures within a specified period of time. In the case of non compliance the Commission may revert to one or more of the following measures:

    1. Suspend the effectiveness of any prospectus submitted to it and, consequently, order the cessation of issuance or dealing in the relevant securities.

    2. Suspend any activity connected with securities, or for a particular security, for any period of time it sees necessary.

    3. Revoke the license or suspend the license for a period of time.

b) In the event that the person concerned fails to comply with any of the matters set out in section (a) of this article, the Commission may request the courts to enforce them.

c) The competent courts shall look into the referred cases expeditiously, and it can issue a temporary order effecting any of the provisions cited in paragraph (a) of this article up till the end of the trial.

According to the Companies Law, the minimum capital for any shareholding company (financial services companies included if they are shareholding) is JD (0.5) million. The Commission may request that a financial services company submit bank guarantees paid to its order as one condition for licensing, the purpose of which being to secure the financial obligations (liabilities) of the company to third parties resulting from the performance of the activities it is licensed by the Commission to perform, and to ensure that the company’s compliance with the statutes in force. The Commission may monatize (cash) the guarantees.

As for Mutual Funds, and Investment Companies (a public joint stock company which primarily undertakes or intends to undertake the business of investing and trading in securities, or owns or intends to own securities equal in value to more than 50 percent of its total assets. This definition excludes banks, insurance companies, financial services companies and holding companies), they are prohibited from:

1. To borrow more than 10% of the company's net asset value.

2. To invest more than 5% of its assets in securities issued by one issuer, with the exception of investing in securities issued by Government or the Central Bank of Jordan, or securities guaranteed by either.

3. To invest in more than 10% of the securities issued by one issuer.

4. To invest more than 10% of its assets in the securities issued by other investment funds.

5. To sell securities short.

6. To invest in the securities issued by the fund's investment manager or any company that is affiliated with him.

RESOLUTION ON MONEY LAUNDERING

According to the AFM regulations, the licensed brokers are obliged to keep update records that include detailed information regarding their clients identification, and these records are subject to the supervision and control of the AFM.

Moreover, the AFM regards the money laundering issue with the utmost importance and is taking all the necessary steps to protect the integrity of Jordan's securities market against such abuses.

A financial services company shall:

a) Keep its accounting books and records in accordance with approved accounting standards, as well as with instructions issued by the Commission;

b) Open accounts for its clients in line with the type of accounts specified by the Commission, and to comply in organizing and managing these accounts with the instructions issued by the Commission and the provisions of the written agreements between the company and its clients;

c) Refrain from disposing of funds and dealing in securities of any client except in accordance with the provisions of the written agreement between them, otherwise the financial services company shall assume full legal and financial liability for its disposal or dealing;

d) Provide the information and reports requested by the Commission.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The Financial Services Companies, and the Investment Companies are subject to the Commission's monitoring and supervision.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The new Securities Law left the door open for trading of transnational securities and futures, but they are not traded yet.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The new Securities Law left the door open for establishing a derivative market, but it does not exist yet.

N-44 Capital Markets Authority - Kenya

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

Principle No. 4 - Information About Customers
The concept in our legal mandate is at variance with the principles. Our mandate is that only information essential for the business at hand be exacted from a customer. While we agree that the principle of "knowing one's customer" is a good one we leave that in the spirit of self-regulation, to the brokerage firm and Stock Exchange (Nairobi Stock Exchange) practice.

RESOLUTION ON MONEY LAUNDERING

The markets under our jurisdiction do have the registration procedures mentioned in the Resolution for money laundering. However, we would like to note the following:

(a) money laundering could take place through procedures of the Central Bank of Kenya run foreign exchange market; and

(b) this subject is a new one to regulators in Kenya.

As the Central Bank of Kenya sits on our Board and is closely associated with us, we may both be appreciative of any training programme on this subject which you could avail to us. We would then be able to fully implement the Resolution with appropriately trained staff.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

As we have no relevant markets at present we are not in a position to adopt them but are keeping it in hand to implement as and when we do have derivative markets.

N-45 Financial Supervisory Commission - Korea

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

As of yet, there is no market for Derivative Products in Korea. Therefore, we have not reached the stage at which we can adopt the Principles.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

Indicates that the Korea Securities Dealers Association has recognized the importance of the Principles and has drafted rules to eventually implement them. The Korea Securities Dealers Association will adopt these rules when it revises its Rules for Fair Practices.

RESOLUTION ON MONEY LAUNDERING

Most of the recommendations made by this Resolution are currently being taken to a significant extent even though we have not yet been confronted with any international money laundering cases.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

I believe that the principles contained in the Resolution would be of great help to our work of overseeing the securities industry and, unless it causes any trouble, I will positively try to apply them in programming the supervising system of financial conglomerates in the future.

However, it appears to me that, taking into account the balance with the other financial sectors and the overall financial system of our country, it would take time to effectively apply those principles in our jurisdiction.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

Since foreign issuers are not yet allowed to offer securities in Korea, it is too early for us to decide whether we will adopt the Resolution Concerning Accounting Standard IAS 7 or not.

However, because we are planning to introduce the concept of cash flow statements based on IAS 7 into domestic use in the second quarter of this year, we do not believe there would be much difficulty in adopting the Resolution when the time comes.

N-48 Commissariat aux Bourses - Luxembourg (Grand Duchy of)

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

A code of conduct is presently being prepared in collaboration with the Stock Exchange of Luxembourg. This code will take into account all the principles included in the Resolution on International Conduct of Business Principles.

RESOLUTION ON MONEY LAUNDERING

Circular IML 94/112 - November 25, 1994

Fight Against Money Laundering and Prevention of the Use of the Financial Sector for the Purpose of Money Laundering

Introduction

The Law of July 7, 1989 has, for the first time in Luxembourg law, constituted as a specific penal offence the laundering of proceeds of an illicit activity, in this case drug trafficking. In Circular IML 89/57 of November 15, 1989, an effort had been made to define a minimum of rules with which professionals of the financial sector should comply at all times to avoid being used for money laundering purposes.

Then, following the development by the FATF (Financial Action Task Force on Money Laundering, created by the 15th Annual Economic Summit in 1989 and having now its headquarters at the OECD) of recommendations for the fight against money laundering and the adoption of a Community directive on the subject (91/308/EEC), Luxembourg

legislation on drug trafficking has been strengthened again, in particular by the Law of March 17, 1992 which approved the Vienna Convention of the United Nations Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances and amended the Law of February 19, 1973 on the Sale of Medicinal Substances and the Fight Against Drug Addiction.

Moreover, the Law of April 5, 1993, concerning the financial sector defines, for the first time, in Part II (Articles 38 to 41) a number of professional obligations to be complied with in the financial sector. It is important to underline that these professional obligations, which are not all new and which consist in knowing one's customers, cooperating with the authorities and abiding by professional secrecy, are general in scope. They are not limited to the area of money laundering. Nevertheless, the wording of these articles is, in large part, inspired by a will to combat money laundering and to prevent the use of the financial sector for the purpose of money laundering.

This Circular intends to draw the consequences of legislative amendments which have been made. It replaces Circular 89/57 and aims to provide instructions, on the basis in particular of the above mentioned provisions of the Law of April 5, 1993, on the manner in which professionals of the financial sector are required to perform the professional obligations imposed on them by the law in order to prevent being used for money laundering.

Financial Professionals Covered

> ***Art. 38 (1) and (2) of the Law of April 5, 1993:*** **The provisions of the Law concerning the financial sector which impose specific professional obligations relating to the fight against money laundering and to preventing the financial sector from being used for money laundering apply to credit institutions and to other professionals of the financial sector authorized to carry out their activity in Luxembourg. These credit institutions and other professionals of the financial sector are also required to ensure that these legal provisions are complied with by their branches and their subsidiaries located abroad, in which they own a qualified holding.**

a. Branches and Subsidiaries Located Abroad of Banks and Other Professionals of the Financial Sector

As the provisions of Luxembourg law against money laundering are of general interest, they must be complied with by all financial professionals carrying out their activity in Luxembourg, irrespective of the fact that they are constituted under Luxembourg law or under foreign law, and that they operate through a fixed place of business or under a

regime of free performance of services from a place of business located abroad. Moreover, the Luxembourg Legislator, following on that a recommendation of the FATF, has taken care to make clear that financial professionals carrying out their activity in Luxembourg should not tolerate that their branches or subsidiaries abroad be used for laundering transactions prohibited in Luxembourg. The branches and subsidiaries covered are those for which an approval is required under Articles 3 (5) or 57 (1) of the Law of April 5, 1993, as well as the branches in the EC mentioned in Article 36 of the Law.

It is important to underline that non-compliance with professional obligations imposed by Luxembourg law by branches or subsidiaries abroad may put into question the authorizations required to maintain such branches or subsidiaries, or even the approval required to carry out a financial activity in Luxembourg.

For branches or subsidiaries located abroad, the provisions of the Luxembourg law concerning professional obligations represent a minimum. The regulation of the host country are also to be complied with in all cases. If there are provisions in the host country that prohibit compliance with Luxembourg rules, the concerned financial institution is required to notify the IML in order to search a solution to the problem raised.

The internal audit of the head office in Luxembourg must check periodically that its branches and subsidiaries located abroad comply effectively with the obligations following from the Luxembourg law and set out hereinafter.
Furthermore, it is recommended to all Luxembourg financial professionals to designate, among their management, a person responsible for the prevention of money laundering in the branches and subsidiaries located abroad.

b. Mutual Funds

The Law of July 7, 1989 concerning drug addiction, being of general application, applies also to mutual funds, which might also be used for laundering transactions, if they ignore their professional obligations. Moreover, banks that act as depositary for mutual funds and distributors of mutual fund units come directly under the scope of Part II of the Law of April 5, 1993 governing professional obligations in the financial sector.

Consequently, mutual funds are also required to comply with the provisions of the Law and of this Circular as regards more particularly the obligation to know customers and the obligation to cooperate with authorities.

However, in consideration of the particular working of mutual fund marketing, central management of a mutual fund in Luxembourg is not required to carry out itself the identification of investors whose orders of purchase or redemption have been taken by a professional of the financial sector that is subject to an identification obligation equivalent to the one provided in Luxembourg law.

Are deemed to be subject to an equivalent identification requirement:

- Professionals of the financial sector allowed to carry out their activity in Luxembourg under Chapters 1, 2 or 3 of Part I of the Law of April 5, 1993;

- Professionals of the financial sector allowed to carry out their activity abroad, provided they are residents either in a Member State of the EC that has transposed, in respect of them, the provisions of Directive 91/308/EEC or in a State that applies, in respect of them, provisions equivalent to Luxembourg provisions on preventing the financial system from being used for money laundering;

- Qualified branches and subsidiaries of financial professionals mentioned in the two previous paragraphs if the law applicable to the concerned financial professional imposes on him the obligation to ensure compliance with its provisions by these branches and subsidiaries.

Definition of Money Laundering

> ***Art. 38 (3) of the Law of April 5, 1993:*** **"Money laundering" means, for the purposes of Luxembourg law, any act, including concealment, disguise, acquisition, possession, use, placement, custody, transfer, on which the law confers expressly, in relation with crimes or offences therein specified, the character of specific penal offence and which is related to the proceeds, that is any economic benefit, derived from another penal offence.**

The Law of April 5, 1993 concerning the financial sector is not an instrument of penal law; it does not create offences. However, while leaving to the penal law the task to determine in which case an instance of laundering constitutes a penal offence, it defines what constitutes laundering: laundering presupposes first the existence of a predicate offence (for example, the sale of drugs); then it consists in any act that is related to the proceeds, that is any economic benefit, derived from the predicate offence. Acts of laundering may take many forms; the list given in the law is only illustrative.

There is no restriction on the property that may be laundered and laundering goes on whatever the number of steps and transformations through which the laundered property may go without ever becoming "clean".

The definition given by Luxembourg law requires not only the existence of a predicate offence, but also specific incrimination of laundering as an offence separate from the predicate offence. The law concerning the financial sector is phrased in such a way that its provisions concerning laundering apply automatically to all cases in which the penal law will have made laundering a separate offence. In the present state of Luxembourg penal law, such a specific incrimination of laundering exists only in relation with some offences in the amended Law of February 19, 1973, concerning the sale of medicinal substances and the fight against drug addiction.

Luxembourg law punishes not only the launderers who acted knowingly, but also the "laundries", that is the institutions that, unknowingly, are used by launderers and, through ignorance of their professional obligations, have helped a laundering transaction.

Identification of Customers in Business Relations

> ***Art. 39 (1) of the Law of April 5, 1993:*** **A credit institution or another professional of the financial sector has the obligation to require identification of its customers by means of supporting evidence when entering into business relations, particularly when opening an account or passbook, or when offering safe custody facilities.**

As entering into business relations implies in principle always, under one form or another, an "opening of account", this term will be used hereinafter with this meaning.

a. Identification as a Prerequisite

The identification of a customer for whom a financial professional opens an account has to be done and entirely carried out before the institution executes a transaction for this customer.

If, before executing a transaction for the customer and before the identification of the customer is entirely carried out, the professional accepts money from the customer, be it on a temporary basis or in an escrow account, or if he accepts to open an account even non operational for the customer, it must be realized he incurs liability if he allows the customer to dispose of the money or even to bring up the existence of the account.

If, notwithstanding existing rules, the identity of a customer and of the beneficial owners has not been correctly established, a financial professional is not allowed to release property, through disbursement or transfer, for the benefit or by order of this customer, as long as the identity of the customer has not been established to the complete satisfaction of the financial professional. Meanwhile, the financial professional should continue to ensure custody of the property in the interest of beneficial owners, in accordance with the conditions under which he has received them, unless he consigns them if the conditions for consignment are met.

It is allowed to open an account for a firm before its incorporation, on the basis of the identification of the founders of this firm, and to deliver to a notary a certificate of freezing of money received in this account. The identification of the founders is to be accompanied with a statement of the founders to the effect that they are acting on their own behalf or that they are acting on behalf of beneficial owners that they name. The identification and the documentation relating to the beneficial owners named by the founders, to the firm and to its eventual beneficial owners must be completed immediately after the firm is set up and before the professional may release money received in this account.

The opening of account for a customer may be requested by a credit institution or by another financial professional, with which the customer already has an account and which has entered with the requested professional, into a specific cooperation agreement of the type mentioned under "b. Basis and Responsibility for the Identification". In this case, it is accepted that the opening of account may be done before a new identification is carried out by the requested professional, provided the opened account may be debited only for the benefit of the customer's account with the professional having requested the opening.

b. Basis and Responsibility for the Identification

The relation between a financial institution and a customer is established "intuitu personae" (in consideration of the person). That is the reason why the opening of an account for a new customer implies a judgment on the customer. This judgment must be supported by information on the customer, his activities, and the purpose of the proposed business relation. It is important for the financial professional to have this information available because it should allow him to reduce as much as possible the risk to be used for the purpose of money laundering and, later, to detect transactions that are suspicious because they are not consistent with the information received.

An unusual fact noticed at the time of the identification could be an indication of laundering and, for this reason, should lead the professional to request additional

information. Special care should be taken when the motives of the proposed business relations are not clear or when the customer resorts to arrangements with no apparent economic justification (tangled accounts, accounts with misleading designation, etc.).

Any opening of account for a new customer must be authorized, in writing, by an officer or an organ specifically appointed to this effect. This officer or organ has, on one hand, to assess if it is advisable to open an account for this customer, on the other, to take on the responsibility for the identification of this customer and for the supporting documentation.

The financial professional is not allowed to delegate responsibility for the identification of his customers, thus avoiding its obligation to know his customers with the liability that this knowledge entails. It should not for example be satisfied with a certificate drawn up by a third party, whatever his capacity may be, to the effect that this third party knows the identity of the customer, has checked it and has at its disposal the required documentation.

When the opening of account for a new customer is made on the basis of a direct relation between the financial institution and the customer, but at a distance, that is without the professional and the customer being physically in the presence of each other, the professional shall take special care to receive not only all the required documentation, but also full and satisfactory answers to all questions he may ask to the customer in order to make an informed decision on this customer and his motives.

If the financial professional delegates certain technical procedures in relation with customer identification, this delegation must be given in a framework clearly defined by the management and to a qualified professional partner. The IML will accept as delegates only:

- Credit institutions and other professionals of the financial sector allowed to carry out their activity in Luxembourg under the Act of April 5, 1993;

- Credit institutions and other financial professionals of the financial sector allowed to carry out their activity abroad and subject to prudential supervision by a competent authority, provided the Luxembourg financial professional has entered with this foreign partner in a specific cooperation agreement, in writing, defining precisely the tasks delegated taking into account Luxembourg rules.

Delegation of identification does not reduce in any way requirements concerning documentation on the customer, which must be available with the financial professional in Luxembourg. It follows that, in the case of the transfer of a customer by a partner bank, all the documentation required in Luxembourg must also be transferred to the Luxembourg professional.

c. Definition of Customer

The term "customer" is defined so as to include not only the person in whose name the account is opened, but also his co-holders and his representatives.

Are also deemed to be customers in a business relation those for whom suspense accounts are opened, which are used only for one or several one-off transactions.

d. Individual Customers

Identification of an individual customer must be made on the basis of an official document evidencing the identity of the individual (for example, passport, ID card, driving license).

The financial institution must:

- Verify that the documents produced relate indeed to the bearer by comparing the signature on the official document with the one on the application for the opening of account and, if applicable, by comparing the photo on the official document with the individual himself;

- Unless a copy of identity documents is on file, write out the following data on the documents for the opening of account: full name of the customer, accurate address, occupation, number of the ID document;

- Make sure that the opening of account, signed by the customer, is obligatorily made on a form of the Luxembourg financial professional;

- Make sure that all documents for the opening of account are duly and legibly completed, dated and signed by the customer.

If the customer carries out an activity in the financial sector which implies fund management for third parties, a copy of the authorization required to this effect or a mention stating that no such authorization is required must be kept on file.

If the account is opened by mail, the professional must make sure that all copies of ID documents provided and all the above mentioned data that are to be written out on the documents for the opening of account, are certified true by a competent authority (for example Embassy, Consulate, notary, police superintendent). If the account is opened in the framework of a delegation mentioned in "b. Basis and Responsibility for the Identification", the delegate is authorized to certify the copies he transmits.

e. Legal Persons

The identification of a customer that is a legal person must be made on the basis of the following official documents: extract from the Trade Register when available, articles of association. If the customer carries out an activity in the financial sector which implies fund management for third parties, a copy of the authorization required for this purpose or a mention to the effect that no such authorization is required must be kept on file.

Identification of Occasional Customers

> ***Art. 39 (2) and (4) of the Law of April 5, 1993:*** **The identification requirement applies also to all transactions with customers other than those with whom business relations have been entered into, involving an amount of 500 000 Francs or more, whether the transaction is carried out in a single operation or in several operations that seem to be linked. Where the sum is not known at the time when the transaction is undertaken, the professional concerned shall proceed with identification as soon as he is apprised of the amount and establishes that the threshold has been reached. Credit institutions and other financial professionals of the financial sector are required to proceed with customer identification even where the amount of the transaction is lower than 500 000 Francs, wherever there is suspicion of money laundering.**

When identification of an occasional customer is required, it must be done and documented in the same manner as for customers in business relations.

The case where identification of an occasional customer is required because there is a suspicion of money laundering calls for the judgment of the financial professional, aware of the problem of money laundering. If the identification of such a customer and, if applicable, his answers to additional questions asked by the financial professional cannot remove the suspicion, or even confirm it, the financial institution shall refrain from executing the transaction.

It is important to underline that, in certain cases, specific laws, adopted for reasons other than to combat money laundering, may impose identification requirements more stringent than the Law of April 5, 1993. Needless to say, these specific laws have to be complied with scrupulously. It is the case, in particular, of Article 23 of the Law of May 16, 1891, concerning the loss of bearer securities, which requires that all financial professionals verify and record the exact identity of persons with whom they make a securities transaction, irrespective of the amount. It is also the case of Article 74 of the Law of Brumaire 19, Year VI (November 9, 1797) concerning control of the fineness of bullion, which requires that financial professionals record the identity of persons from whom they buy or to whom they sell Gold or Silver.

Identification of Beneficial Owners

> ***Art. 39 (3) of the Law of April 5, 1993:*** **In the event of doubt as to whether customers whose identification is required are acting on their own behalf, or where it is certain that they are not acting on their own behalf, credit institutions and other professionals of the financial sector shall take reasonable measures to obtain information as to the real identity of the persons on whose behalf those customers are acting.**

Generally, it is recommended at the time of identification of a customer that the financial professional require from him a statement to the effect that either he is acting for his own behalf or he is not acting for his own behalf.

However, in the case of a customer whose identification is not required (cf. below provisions about the exemption from the identification requirement where the customer is also a credit institution or another financial professional), the statement and the identification relating to eventual beneficial owners are not required either.

Furthermore, when the normal professional activity of a customer implies the custody of third parties' fund with a financial professional, the financial professional is entitled to presume that this customer (for example, a barrister or a notary) is carrying out this activity on his own behalf. Relying on this presumption does not exempt the financial professional from the other obligations, including diligent examination of transactions and cooperation with authorities, that the law imposes on him with regard to all his customers.

If the financial professional has the certainty that the customer is not acting on his own behalf, in particular from the statement to that effect made by the customer himself, he is obliged to obtain from the customer all documents necessary to establish the identity of

the beneficial owner(s) in the same manner as to establish the identity of the customer himself. It is advisable to require, in each case, a written statement coming from the beneficial owner himself in support of the customer's assertions.

If the financial professional is in doubt as to whether his customer is acting on his own behalf (for example, his customer is an intermediate legal person or a legal person that may well act as a screen: holding, Anstalt, trust, etc.), he is obliged to remove this doubt either by obtaining from the customer the written and credible assurance that he is acting on his own behalf, or by identifying the beneficial owner in the manner described above. It should be pointed out that the doubt is not necessarily removed by a denial of the customer or by the fact that a third party asserts he is the beneficial owner. If it is not possible for the financial professional to remove his doubt, he must refrain from dealing with the customer.

Exemption from the Identification Requirement

> ***Art. 39 (5) of the Law of April 5, 1993:*** **Credit institutions and other professionals of the financial sector shall not be subject to the identification requirement where the customer is also a credit institution or another professional of the financial sector subject to an equivalent identification requirement.**

Are deemed to be subject to an equivalent identification requirement:

- Professionals of the financial sector allowed to carry out their activity in Luxembourg under Chapters 1, 2 or 3 of Part I of the Law of April 5, 1993;

- Professionals of the financial sector allowed to carry out their activity abroad, provided they are residents either in a Member State of the EC that has transposed, in respect of them, the provisions of Directive 91/308/EEC or in a State that applies, in respect of them, provisions equivalent to Luxembourg provisions on preventing the financial system from being used for money laundering;

- Qualified branches and subsidiaries of financial professionals mentioned in the two previous paragraphs if the law applicable to the concerned financial professional imposes on him the obligation to ensure compliance with its provisions by these branches and subsidiaries.

The exemption from the identification requirement with regard to certain customers does not exempt the financial professional from the other obligations, including diligent examination of transactions and cooperation with authorities, that the law imposes on him with regard to all his customers.

Documents to be Kept

> ***Art. 39 (6) of the Law of April 5, 1993:*** **Credit institutions and other professionals of the financial sector shall keep the following for use as evidence in any investigation into money laundering:**
>
> - **In the case of identification, a copy or the references of the evidence required, for a period of at least five years after the relationship with their customer has ended, without prejudice to longer periods that may be prescribed by other laws;**
>
> - **In the case of transactions, the supporting evidence and records, consisting of the original documents or copies having similar supportive value according to Luxembourg law, for a period of at least five years following execution of the transactions, without prejudice to longer periods that may be prescribed by other laws.**

The documentation relating to the identification of a customer shall include in particular:

- The opening of account signed by the customer;

- A copy of the official documents required for identification (cf. above);

- Documentation relating to the identification of beneficial owners.

Documents relating to the identification of customers must be up-dated continuously. To this effect, a periodical review is imperative.

If, despite all reasonable efforts exerted by the financial professional, it is not possible to establish in conformity with this Circular the beneficial owners of an account opened before the release of Circular IML 89/57, the financial professional has the right to wait for the first opportunity (visit or other communication from the customer, contact with the heirs of the customer, etc.) to complete the required identification. He may not in any case release the assets recorded in such an account before the identity of the customer has been established to his complete satisfaction. To this effect, he will take necessary

internal measures to make this account unavailable. He will transmit the list of these accounts to his auditor.

Internal Procedures and Training

Art. 40 (5) of the Law of April 5, 1993: **Credit institutions and other professionals of the financial sector are required:**

a. To establish adequate procedures of internal control and communication in order to forestall and prevent operations related to money laundering;

b. To take appropriate measures so that their employees are aware of the legal provisions concerning professional obligations in the financial sector. These measures shall include participation of their relevant employees in special training programmes to help them recognize operations which may be related to money laundering as well as to instruct them as to how to proceed in such cases.

Every financial professional is required to establish a programme to combat money laundering, including policies, procedures and internal controls, in particular designation of persons in charge at the level of top management, and adequate procedures for hiring of employees.

To this effect, every financial professional is required to prepare a precise and complete procedures manual, regularly updated, including:

- A complete description of the procedures to be followed, as regards the substance as well as the form, at the time of entering into business relations with a customer or of transactions with occasional customers, by type of business relation or of transaction, as well as by type of customer (individual, businessman, business corporation, holding, etc.);

- A detailed description of the procedures to be complied with, as regards the substance as well as the form, to monitor the evolution of transactions effected for their customers in order to detect suspicious transactions;

- A detailed description of the procedures, as regards the substance as well as the form, where there is suspicion of money laundering, where a transaction appears that may be related to money laundering or when a fact is noted that may be indicative of money laundering;

- The exact definition of the respective responsibilities of all employees involved in these procedures.

Moreover, every financial professional is required to define programmes and conditions according to which the internal auditor will control the effective compliance with these procedures and with the provisions of the law and of this Circular relating to money laundering.

Every financial professional is required to have in place a programme to develop his employees' awareness, up-to-date on laundering techniques, including:

- A programme of courses of continuing education, offered at regular intervals, aimed in particular to employees in direct contact with customers to help them recognize operations which may be related to money laundering as well as to instruct them as to procedures to be followed;

- Regular information meetings, aimed to the whole staff to keep them informed of preventive rules and procedures to be complied with in the area of the fight against money laundering;

- Systematic circulation of a documentation relating to money laundering, giving in particular examples of laundering transactions, such as the non exhaustive list of laundering indications, given as an Appendix to this Circular.

In as much as Luxembourg financial professionals take up procedures manuals and awareness programmes developed abroad, for example by their head office or their parent company, they must adapt these procedures and programmes to rules applicable in Luxembourg.

Every financial professional must keep the IML informed of the development of his procedures manual and awareness programmes.

Special Examination of Certain Transactions

Art. 39 (7) of the Law of April 5 1993: **Credit institutions and other professionals of the financial sector are required to examine with special care any transaction that they consider particularly likely, due to its nature, to be related to money laundering.**

To prevent being used for the purpose of money laundering and to be in a position to detect suspicious transactions, it is important that the financial professional has a good understanding of the transactions his customers ask him to execute. To this effect, the professional is required to monitor with diligence the evolution of transactions effected for his customers in order to detect suspicious transactions and to gather, if need be, all necessary information to exclude as far as possible the risk of money laundering.

Among transactions that, by their nature, must be considered as particularly likely to be related to money laundering, there are transactions abnormal by themselves as well as transactions abnormal in relation with the particular customer. An indicative list given as an Appendix to this Circular provides examples of such transactions.

If, despite the efforts of the financial professional to obtain information necessary to understand a transaction, he still has serious doubts as to the absence of any relation with money laundering, though without having discovered any fact which could be an indication of money laundering, he must refuse to execute the transaction or even sever the business relation with the customer. If he discovers a fact that could be an indication of money laundering, the provisions concerning information of authorities on indications of money laundering and on the conduct to be maintained in the case of suspicious transactions, discussed below, become applicable.

In order to help the authorities as well as internal and external auditors, and to prove that he has complied with his professional obligations, the financial professional shall keep in writing the result of the examination effected concerning transactions especially likely, by their nature, to be related to money laundering.

Information of Authorities

Art. 40 (1) and (2) of the Law of April 5, 1993: **Credit institutions and other professionals of the financial sector, their directors and employees are required to provide the fullest response and a cooperation to any legal request that enforcement authorities may address to them in the exercise of their competence. More particularly, they are required to cooperate fully with Luxembourg authorities responsible for combatting money laundering:**

- **By furnishing those authorities, at their request, with all necessary information, in accordance with the procedures established by the applicable legislation;**

- **By informing, of their own initiative, the Public Prosecutor with the District Court (Tribunal d'arrondissement) of Luxembourg of any fact which might be an indication of money laundering.**

The information shall be forwarded to the authorities, at their request or of the initiative of the financial professional, normally by the person or persons designated by the credit institutions or other financial professionals of the financial sector in accordance with the procedures they are required to establish.

The new key element in the provisions of the Law of April 5, 1993 concerning the obligation of financial professionals to cooperate with the authorities consists in the obligation imposed on financial professionals to inform, of their own initiative, the Public Prosecutor of any act which appears to them an indication of money laundering.

In this context, the Public Prosecutor's Office of the District Court of Luxembourg, which has jurisdiction in this matter over the whole territory of the Grand Duchy, has sent on May 12, 1993, a circular to all financial professionals to settle the practical details of the information to be provided to the Office.

It should be underlined that information on indications of laundering is to be provided to the Public Prosecutor under the responsibility of the financial professional. Separately, each financial professional subject to the prudential supervision of the IML is required to inform the IML of any involvement in a judicial investigation relating to money laundering, whatever its origin may be, in order to allow the IML to exercise fully its competence of prudential supervision.

Each financial professional is required to inform the IML of the name of persons designated to the Public Prosecutor's Office as responsible for information to be provided to this Office. These persons shall also be contact persons for IML as regards any question relating to money laundering.

Conduct in Case of Suspicious Transactions

Art. 40 (3) of the Law of April 5, 1993: **Credit institutions and other professionals of the financial sector shall refrain from carrying out transactions which they know or suspect to be related to money laundering until they have informed the Public Prosecutor. The Public Prosecutor may give instructions not to execute the operation. Where such a transaction is suspected of giving rise to money laundering and where to refrain in such**

manner is impossible or is likely to frustrate efforts to pursue the beneficiaries of a suspected money laundering operation, the institutions and other professionals concerned shall inform the authorities immediately afterwards.

Prohibition to Warn the Customer

Art. 40 (4) of the Law of April 5, 1993: **Credit institutions and other professionals of the financial sector and their directors and employees may not disclose to the customer concerned nor to other third parties that information has been transmitted to authorities or that a money laundering investigation is being carried out.**

Exemption from Secrecy Obligation

Art. 40 (5) of the Law of April 5, 1993: **The professional secrecy obligation terminates where the disclosure of information is permitted or imposed by or under a legislative provision. Any person who is bound to secrecy and has legally disclosed information covered by this obligation shall not incur, only for this reason, any penal or civil liability.**

Verification by the Auditor

The terms of reference of the statutory auditors for the annual audit of financial professionals shall include the verification of compliance with Part II of the Law of April 5, 1993 and of this Circular and of due application of the internal procedures for the prevention of money laundering.

Luxembourg branches of credit institutions from the Community are required, under Article 54 (2) of the Law of April 5, 1993, to appoint a statutory auditor to effect this verification in the Luxembourg branch, in accordance with Luxembourg rules. The report prepared by the statutory auditor on this verification shall be sent to the IML by the branch.

Indications of Money Laundering

The list given below, adapted from a list developed by the Federal Commission of Swiss Banks, is intended principally to increase awareness of employees of banks and other financial professionals and does not pretend to be complete. An exhaustive list would require continuous adaptation to new laundering techniques. A single indication or a dubious transaction does not necessarily constitute, considered separately, sufficient ground to suspect a money laundering operation.

In practice, it may be that only the combination of several indications or dubious transactions leads one to suppose that he is faced with a laundering activity.

I. General Indications

Transactions show risks of laundering:

- When their structure shows an illicit purpose, when their economic purpose is not recognizable, indeed when they appear absurd from an economic point of view;

- When asset values are withdrawn shortly after they have been credited (suspense account), in as much as the activity of the customer does not make plausible such an immediate withdrawal;

- When they are not in line with the usual activities or the customer base of a bank and that one fails to understand the reasons for which the customer has chosen precisely this bank to make his deal;

- When their result is that an account, until then largely inactive, becomes very active and one can perceive no plausible reason for this change;

- When they are not consistent with the information and the experience of the bank concerning the customer or the purpose of the business relation.

Finally, shall be considered as suspicious any customer who gives to the bank false or deceptive information or who, without plausible reason, refuses to provide necessary information or documents, accepted by banking practice.

II. Particular Indications

1. Cash Operations

- Large amount in small denominations exchanged against large denominations;

- Frequent and large exchange operations, without entry in the account of a customer;

- Cheques, including travellers cheques, cashed in for large amounts;

- Purchase or sale of large quantities of precious metals by occasional customers;

- Purchase of cashier's cheques for large amounts by occasional customers;

- Foreign orders or transfers made by occasional customers, without apparent legitimate reason;

- Frequent cash operations just below the limit above which customer identification is required, for example series of USD cheques of slightly less than 10 000$ U.S.

2. Account and Deposit Operations

- Frequent withdrawals of large amounts in cash, where the activity of the customer does not justify such operations;

- Structure incomprehensible from an economic point of view of business relations between a customer and the bank (many accounts with the same institution, frequent transfers between various accounts);

- Guarantees or collateral provided by third parties unknown to the bank, who do not appear to be in close relation with the customer and have no plausible and recognizable reasons to provide such guarantees or collateral;

- Transfers to another bank without indication of a beneficiary;

- Payment order with indication of a wrong principal;

- Repeated transfers of large amounts abroad with instructions to pay the beneficiary in cash;

- Frequent and large transfers to or from drug-producing countries;

- Provision of guarantees or collateral for loans between third parties, under conditions unusual in the market;

- Deposits in cash by many different persons in a single account;

- Request by a customer to have certain deposits transit, not in his own account, but in a nostro account of the bank or in a sundries account;

- Repayment unexpected, and without convincing explanations, of a problem loan;

- Use of accounts under a fictitious name or of numbered accounts for business transactions with small-scale, business or manufacturing firms.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The IOSCO Resolution contains a few principles but is formulated in very general terms. Both the EEC and the Basle Committee are currently in the process of preparing detailed rules in that regard. In both cases work is being conducted in close cooperation with all the authorities involved.

Luxembourg will have the obligation to transpose into its legislation future European decisions concerning the supervision of financial conglomerates. We are therefore closely following developments in that regard.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

In Luxembourg, the authority having jurisdiction over boiler rooms is the Institut Monétaire Luxembourgeois (IML).

The IML has noticed, for a period of time, an increased vigilance of financial professionals, including credit institutions, through which boiler operators may try to execute or to facilitate fraudulent transactions. This is probably due to one of the new professional duties in the financial sector, that is the obligation for any professional in the financial sector to know his clients.

Any professional in the financial sector which sets up business in Luxembourg (hence, any business operating as a boiler room) is subject to Section 13 of the Act of April 5, 1993 concerning the financial sector, which requires an authorization of establishment from the Minister of Treasury. If a professional of the financial sector establishes himself in Luxembourg without this authorization, the IML, as soon as it becomes aware of it, lodges a complaint with the public prosecutor.

In general, the IML has recognized the need to reinforce cooperation between regulators and police, subject to domestic law, in order to suppress and to punish more effectively fraudulent activities in the financial field without distinction between those involving boiler rooms and others.

As concerns international cooperation and MOUs with respect to boiler rooms, if the IML is interested in cooperation between regulators and does not object to MOUs, it insists that such cooperation and the signing of MOUs can be made only in strict compliance with legal provisions which set definite limitations in this area.

For example, Section 44 of the Act of April 5, 1993 concerning professional secrecy provides that "the obligation of secrecy does not hinder the exchange with other regulators by the IML of information necessary to the supervision of the financial sector, provided that this information is covered by the obligation of secrecy of the regulator receiving it and only in so far as the other regulator recognizes to the IML the same right to obtain information" and "under the condition that confidential information may be used only for the examination of the conditions of access to the professional activity and to facilitate supervision, on an individual as well as on a consolidated basis, of the conditions in which the activity is carried on ...". Consequently, any exchange of information and any proposed MOU have to be reviewed in the light of these provisions of the Act of April 5, 1993.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

In accordance with the Resolution passed by IOSCO at the XVIIIth Annual Conference in Mexico City, the Commissariat aux Bourses will accept cash flow statements prepared in accordance with IAS 7, as amended, in connection with cross-border offerings and of continuous reporting by foreign issuers making a public distribution in Luxembourg or having their securities admitted to the official list of the Luxembourg Bourse.

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RESOLUTION CONCERNING MUTUAL ASSISTANCE

The Commission strongly supports this Resolution and indeed, it expects, by the end of this year alone to have entered into no fewer than six (6) Memoranda of Understanding in relation to exchange of information with other members of IOSCO. The principal legislation constituting the Commission, the Securities Commission Act, 1993, was amended in November 1995 to incorporate, amongst others, a new Section 43B which serves as an exception to a general statutory requirement of confidentiality of information, for the purpose of providing assistance to a foreign securities supervisory authority.

However, in respect of information which is not publicly available or which is not available to the Commission, the Commission does not presently have the power to conduct investigation in order to obtain the requisite information requested by another IOSCO member.

98-08-04

We wish to notify that between the whole of 1997 and the middle of this year, the SC has entered into eight (8) Memoranda of Understanding in relation to exchange of information and mutual assistance with other members of IOSCO, making the number of MOUs signed by the SC thus far, since its establishment in 1993, totals eleven (11).

RESOLUTION ON THE PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The objectives and general principles of this Resolution, have in essence, been applied to the setting-up and operations of the Kuala Lumpur Options and Financial Futures Exchange ("KLOFFE"), which operates a screen-based trading system for trading in equity derivatives. It is a requirement under the Malaysian futures laws that prior to being approved as a futures exchange, it must first be able to fulfil certain prescribed conditions, including that concerning the ability to maintain an adequate and properly equipped place of business and facilities. As part of the process to determine whether KLOFFE had complied with this condition, the Commission had then engaged an external and independent consultant to conduct a system security, availability, and disaster recovery plan, as well as an audit to ensure that the matching algorithm conform with that as described by the business rules. KLOFFE commenced operations in November 1995.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

Most of the seven (7) Principles embodied in this Resolution are already reflected in the various statutory provisions found in the relevant domestic legislation, namely in the Securities Industry Act, 1983 and the Futures Industry Act, 1993.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

Please note that we will be adopting the IOSCO recommendation to accept cash flow statements prepared in accordance with IAS 7, as an alternative to statements prepared in accordance with domestic standards, in the case of cross-border offerings and for continuous reporting by foreign issuers.

The Malaysian Accounting Standards Board (MASB), established last year under the Financial Reporting Act 1997 has adopted IAS 7 since January 1998 as an approved accounting standard. As part of MASB's due process of ensuring consistency with the latest developments in International Accounting Standards and statutory and regulatory reporting requirements, it is currently reviewing IAS 7 (revised). The MASB Working Group responsible for the revision has come up with an Exposure Draft, ED3, of which the requirements of this proposed MASB Standard are consistent, in all material respects, with IAS 7 (revised). This ED is currently being finalised for public comments.

RESOLUTION ON ENFORCEMENT POWERS

The SC of Malaysia is, generally speaking, now exploring and considering matters, especially those areas which are within its jurisdiction, that need and could to be dealt with to ensure that the principles enshrined in the said Resolution are put into effect.

RESOLUTION ON PRINCIPLES FOR RECORD KEEPING, COLLECTION OF INFORMATION, ENFORCEMENT POWERS AND MUTUAL COOPERATION TO IMPROVE THE ENFORCEMENT OF SECURITIES AND FUTURES LAWS

The SC of Malaysia is, generally speaking, now exploring and considering matters, especially those areas which are within its jurisdiction, that need and could to be dealt with to ensure that the principles enshrined in the said Resolution are put into effect.

N-50 Malta Stock Exchange - Malta

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

A Code of Conduct for Members of the Malta Stock Exchange

Section I - General Principles

1. The purpose of this Code is to protect the interests of investors and to ensure that a member conducts his business in a manner which contributes to the maintenance of a fair and orderly market in securities.

2. A member shall at all times comply with the following principles in the conduct of his business by:

   a. Honesty and Fairness
   (i) Observing professional standards of integrity and fair dealing;

   (ii) at all times acting honestly and fairly and in the best interests of his clients;

   (iii) ensuring that he conducts his business in such a manner as to contribute to the maintenance of a fair and orderly market.

   b. Diligence
   Acting with due skill, care and diligence in the best interests of his clients and the integrity of the market.

   c. Capabilities
   (i) Taking all necessary steps to ensure that all his employees are fit and proper persons to deal in securities business;

   (ii) ensuring that he has and employs, at all times, adequate resources, both financial and operational, for the proper conduct of his business;

   (iii) that he has in place and implements all the internal procedures necessary for the proper conduct of his business.

d. Information About Clients

(i) Taking all reasonable steps to obtain sufficient financial and other information from each client, as is relevant to the services to be provided by the member;

(ii) ensuring that, in dealings where a member provides investment advice, reasonable steps are taken to obtain sufficient information from each client in respect to that client's financial situation, investment experience and investment objectives, having regard to which, the member shall ensure the suitability of particular investments for that client as is reasonable in all circumstances.

e. Information for Clients

(i) Making adequate disclosure of all information relevant to his dealing with and on behalf of that client;

(ii) strictly avoid making any misleading or deceptive representations to his clients.

f. Client Priority

Avoiding to treat a client's interests as subordinate to his own and to ensure that his clients are at all times treated fairly.

g. Conflicts of Interest

Taking all reasonable steps to avoid conflicts of interest and where such conflicts cannot reasonably be avoided, take all reasonable steps to ensure that clients are at all times treated fairly.

h. Compliance

(i) Complying with all regulatory and exchange requirements applicable to the conduct of his business so as to promote the best interests of the clients and the integrity of the market;

(ii) having in place internal procedures dealing with customer complaints.

i. Confidentiality and Professional Secrecy

Complying with all regulatory and exchange requirements as regards professional secrecy and confidentiality of exchange information.

Section II - Practical Application of the Principles

3. Honesty and Fairness

In the course of business, a member, or his accredited representative, must not:

(i) trade in any listed security except on the Exchange floor and during a trading session of the Exchange;

(ii) create, by any means and in any security, any fictious order or transaction either on his own or in collaboration with others;

(iii) disclose or utilize, with a view to making a profit or to take any other material advantage, any confidential information which he has obtained by virtue of his business relationship either with listed companies or with prospective listed companies where the member is acting as a sponsoring stockbroker;

(iv) create a false market by bringing about a movement in the price of a security using contrived factors such as collaboration between buyer and seller calculated to create a movement of the price of the security not justified by the assets, earnings or prospects related to that security;

(v) effect, directly or indirectly, a series of transactions in any security on the Exchange creating actual or apparent active trading in such security for the purpose of inducing the purchase or sale of such security by others;

(vi) employ any device, scheme or artifice with the intention to mislead or to defraud;

(vii) engage in any act, practice or course of business which would operate as a fraud or deceit on any person;

(viii) make any untrue statement of a material fact or omit to state a material fact either recklessly or with the intent to mislead;

(ix) a member must not solicit, accept, offer, or give any gift or inducement from or to a client or prospective client which is likely to cause the recipient to treat the giver favourably or unfairly with regard to third parties.

4. Diligence

a. A member shall take all reasonable steps to execute at the earliest opportunity, orders of clients in accordance with the instructions of such clients.

b. A member shall always execute orders of clients on the terms which are the best available.

c. In dealings where a member provides investment advice, a member shall make no recommendation to, nor enter into a transaction for, a client unless such recommendation or transaction is appropriate and suitable for such client having due regard to the facts disclosed by the client and other facts or matters relating to the client which the member is or should be aware of through the exercise of due diligence.

d. A member shall ensure that transactions executed on behalf of clients are promptly and properly allocated to the accounts of the clients on whose instructions the transactions were executed.

e. A member may aggregate an order for a client with orders for other clients or with orders for his own accounts, provided that such aggregation does not operate to the disadvantage of any of the clients whose orders have been aggregated, and does not create a conflict of interest.

5. Capabilities

a. A member must ensure initially and on a continuing basis that any person he appoints to deal with clients or other members, is fit and proper and otherwise qualified, (either by having the relevant professional training or through experience) to act for him in the capacity so appointed.

b. A member must ensure initially and on a continuing basis that he has adequate resources to monitor and enforce compliance with professional standards of integrity and fair dealing by his employees and persons appointed by him to deal with clients or other members.

c. A member must ensure that he has, at all times, satisfactory internal control procedures which can be reasonably expected to protect his clients, other members and his operations from financial loss arising from theft, fraud, or other dishonest acts, professional misconduct or omissions.

d. A member must at all times possess the financial and operational capabilities which would enable him to properly conduct his business.

6. Information About Clients

a. The principle set forth in Section I 2 (d) represents a continuing obligation imposed upon members who should also, in this respect, comply with the Prevention of Money Laundering Act 1994, and Regulations issued in terms of it.

b. In order to protect himself, fellow members and the market, if a member cannot satisfy himself of the identity of a client he must decline to act for that person.

c. The exchange may prescribe, from time to time, certain minimum requirements in respect to the information members are required to obtain from existing or prospective clients. These requirements should at least include the following details for each client:

(i) full name and address;

(ii) satisfactory evidence regarding the identity of the client by way of an identity card, relevant sections of the passport, or any other official document which uniquely identifies the client;

(iii) written instructions from the client setting forth the terms and conditions under which the member will render services to the client; and

(iv) sufficient details, obtained to the best of the member's ability, of the financial position and investment experience and objectives of a client as is relevant to the services to be provided by the member.

7. Information for Clients

a. A member must provide clients, on request, with adequate information about his member firm including his business address, any relevant conditions or restrictions under which the member conducts his business, and the identity and status of employees and others acting on his behalf with whom the client may have contact prior to or at the time of entering into a client agreement with a client but such information need not be contained in the client agreement.

b. All agreements for services between a member and a client must be in writing and must set out in sufficient detail the basis upon which those services are to be provided. Such an agreement, and any other communication, must not remove or seek to remove, exclude or restrict any rights conferred on clients or any liabilities of a member to a client, under any section contained in the Act or the By-Laws.

c. After a member has carried out a transaction for a client, he must promptly confirm with the client in writing the essential features of the transaction including the date and time of the transaction, the name of the securities involved, the price paid or received, the quantity purchased or sold and any other fees or commissions payable.

d. Where a member deals with or advises a client, he must fully disclose all relevant facts, including details of the remuneration attributable to the dealing or to the provision of advice.

e. Any agreement, communication, notification or information provided by a member to a client shall be presented fairly and clearly.

f. A member shall not advertise, publish or broadcast any material, including recruitment of staff, in such a way as may be detrimental to the interest of the exchange or to that of any other member.

g. A member must not distribute research or analysis containing conclusions which may influence the market price of a security unless the source of such research and the rationale of the analysis is disclosed.

8. Client Priority

a. A member shall handle orders of clients fairly and in the order in which they are received, and ensure that such client orders have in all cases priority over orders for his own account.

b. A member shall, where he has aggregated an order for a client with an order for another client, or with an order for his own account, give priority to satisfying orders of clients in terms of 8 a.

c. A member who withdraws in whole or in part from any market or from the supply of any investment or related services, shall ensure that any such

business which remains outstanding is properly completed or transferred to another member.

9. Conflicts of Interest

a. Where a member has a material interest in a transaction to be carried out on behalf of a client, or a relationship which gives rise to an actual or potential conflict of interest in relation to such transaction, he must neither advise, nor deal, in relation to the transaction unless he has:

(i) fairly disclosed that material interest to the client and received such client's consent in writing; and

(ii) has taken all reasonable steps to ensure fair treatment of the client.

b. Where a member or an associate of the member deals in corporate finance, merchant banking or investment banking business, he must ensure that any information on transactions or events being handled by those other businesses are not communicated or otherwise made known to the member's employees or to any client dealing in securities, prior to the general publication of that information.

10. Compliance

a. A member shall take all reasonable steps, including the establishment and maintenance of all necessary procedures, to ensure that his employees act in conformity both with their own as well as with the member's relevant responsibilities under the applicable Statutes and By-Laws.

b. The following rules shall apply to dealings by employees on their own account:

(i) a member shall have a clear policy which has been communicated to employees in writing as to whether such employees are permitted to deal in securities on their own account;

(ii) if employees are so permitted to deal, the conditions under which they may do so must be set out clearly in writing and communicated to each employee;

(iii) a member shall not deal in securities for another member's employee unless he has written to that member and received that member's written consent or no written objection within seven days of the delivery of his written notice; and

(iv) an employee, when dealing on his own account shall be subject to the same constraints and obligations as apply to members.

c. A member shall put in place the necessary procedures to ensure that:

(i) complaints from clients relating to his conduct or to his dealings on behalf of clients, are handled in a timely and appropriate manner;

(ii) prompt steps are taken to investigate and respond to or to remedy the complaints; and

(iii) where the complaint is not or cannot be remedied promptly, the client is advised of any further steps which may be available to the client.

d. A member shall take reasonable steps, including the establishment and maintenance of procedures, to ensure that all relevant information about his business is recorded and retained.

e. A member shall at all times be responsible for the acts or omissions of his employees and agents in respect to the conduct of his business.

11. Confidentiality and Professional Secrecy

a. A member (or his employees) who comes into possession of price-sensitive information in exercising his profession or carrying out his duties, where such information is not yet public and where it relates to a company or to the market in its securities, or to any event of general interest to the market, should refrain from carrying out, directly or indirectly, any transaction in which such information is used, and should refrain from passing on the information to another person, until the information becomes public.

b. Information entrusted to a member or acquired by reason of his profession, constitutes a professional secret even if the member subsequently ceases to exercise such profession.

The Code embodies the general principles laid out in the Resolution on International Conduct of Business Principles taken by the Presidents' Committee of IOSCO in November 1990, and now forms an integral part of the Malta Stock Exchange By-Laws following a decision taken by the Council of the Exchange on June 20, 1994.

N-51 Stock Exchange Commission - Mauritius (Republic of)

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

We recognize the principles and would in due course implement them through our regulatory structures under an effective supervisory arrangements. Some of the principles have already been adopted and formed part of our Stock Exchange Act 1988. While others would inevitably be included in the proposed Financial Services Bill.

N-52 Comisión Nacional Bancaria y de Valores - Mexico

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The prudential secondary regulation for futures and options markets issued by the CNBV on May 26, 1997, requires clearing and non-clearing members, exchanges and clearing houses systems to describe order execution algorithm used by the system, identification of the treatment and classes of participants, adequate supervision, access to the systems, and information to end-users and customers as well as of the significant risks particular to trading through the system.

In relation with the contract design of derivatives products based on stock indexes, the prudential secondary regulation for futures and options markets issued by the CNBV on May 26, 1997, establishes that the request or authorization of such contracts should include the method of calculation, number of component stocks, their liquidity, dispersion and selection, and the clearing and settlement procedures.

With respect to the information which may be needed to develop approaches to minimize adversal effects to market disruption, the above mentioned secondary regulation considers

contingency plans, disclosure and record keeping of prices, trading volumes, and aggregate market and clearing data.

Also, to minimize systemic risk, the secondary regulation establishes the requirement of a default procedure for the clearing house which should include the minimum items established in the *Report on Default Procedures* published by IOSCO.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The IOSCO Conduct of Business Principles match the existing Mexican Regulation in that regard.

RESOLUTION ON MONEY LAUNDERING

Throughout the development process that our financial sector has undergone during the last years, different measures have been taken to detect and combat illegal practices. Therefore, in general terms, the Mexican securities market coincides with the considerations included in IOSCO's Resolution, in the following:

- Brokerage firms are obligated to identify their clients by an official or other reliable identifying document, when the opening of an account.

- Brokerage firms and the Stock Exchange always keep records of financial transactions, which permit the eventual verification of such transactions.

- The National Banking and Securities Commission (CNBV) checks the background information of the persons that intend to establish a brokerage firm. At any time, the acquisition of over 10% of the capital stock of a brokerage firm by one shareholder, must be authorized by the National Banking and Securities Commission.

- The use of cash in securities transactions is not permitted.

- At a domestic level, the CNBV must provide any information requested by the relevant domestic authorities when prosecuting a crime related to the securities market. Also, the Commission maintains close communication with other

relevant authorities, as the Ministry of Finance and Public Credit, the Insurance and Bonding Commission and the Federal Fiscal Prosecutor's Office.

At an international level, the Commission has been subscribing since 1990, bilateral agreements that provide the exchange of information with securities regulatory authorities of other countries.

Also, on March 10, 1997, the Mexican Congress approved General Provisions concerning Money Laundering Activities, that regulate the legal framework established in the Securities Market Act, the Credit Institutions Act and the Credit Auxiliary Organizations and Activities Act. The provisions set up the same regulation for credit institutions, brokerage firms, securities specialists and foreign exchange houses, and establishes arrangements to detect and regulate suspicious and outstanding operations.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

As a result of the consolidation of the Comisión Nacional Bancaria y de Valores in Mexico, the principles contained in that Resolution were subject to a special attention for the supervision of the financial groups. Therefore, if it is not in its totality that they are implemented, they fully respect the measures of supervision in the process of implementation.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

That Resolution contains considerations which respect the measures available in our jurisdiction to prevent and pursue any fraud in the securities market, and to cooperate with foreign authorities on the exchange of information relative to the applications of the laws, which will eventually be transferable to the futures market.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The IAS 7 standard totally corresponds with the Mexican accounting standards.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The derivative market in Mexico is involved, at the present time, in a development process; that is the reason why this Resolution will be implemented in this process.

RESOLUTION ON ENFORCEMENT POWERS

The Mexican National Banking and Securities Commission (CNBV) acknowledges the importance of enhancing enforcement powers and cooperation between IOSCO members and relevant authorities.

The current legal and regulatory securities' framework sometimes hinders our information sharing capabilities. At this moment, we can mainly disclose and share information through an indirect procedure and only related to prosecution cases.

An important package of statutory reforms was sent to Congress last March and is currently under review. If approved, the reforms will enhance the Commission's enforcement powers and will establish new procedures consistent with this resolution.

The new Mexican Derivatives Market contemplates the possibility of sharing customers' trading and other relevant information with foreign authorities. This will be accomplished through private contractual agreements.

RESOLUTION ON PRINCIPLES FOR RECORD KEEPING, COLLECTION OF INFORMATION, ENFORCEMENT POWERS AND MUTUAL COOPERATION TO IMPROVE THE ENFORCEMENT OF SECURITIES AND FUTURES LAWS

In essence, our organization complies with the principles of record keeping and collection of information. Secrecy restrictions do not apply to the CNBV since it regulates and supervises both banks and securities firms.

However, there are still improvements to be made regarding our enforcement capabilities and our information sharing capacity, which are being addressed by the legislative package mentioned above.

Regarding omnibus accounts, specific measures are being taken in order to limit their use, as it is the case in the derivatives market, or guarantee that the Commission is able to identify beneficial owners of securities.

N-53 Conseil Déontologique des Valeurs Mobilières - Morocco

RESOLUTION CONCERNING MUTUAL ASSISTANCE

The 1993 securities law foresees that the "Conseil Déontologique des Valeurs Mobilières" (CDVM), the Moroccan securities market authority, can, under duly published international conventions, transmit information to foreign market authorities.

RESOLUTION ON COOPERATION

The 1993 securities law foresees that the "Conseil Déontologique des Valeurs Mobilières" (CDVM), the Moroccan securities market authority, can, under duly published international conventions, transmit information to foreign market authorities.

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

For the time being, derivative products are not traded in Morocco.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles included in this Resolution are implemented through the existing securities regulation.

Moreover, CDVM has drafted a code of conduct for its members. As for operators, it has drafted minimum guidelines that they should include in their own codes of ethics.

RESOLUTION ON MONEY LAUNDERING

Brokerage firms are obliged to provide CDVM with precise identification of their clients whenever needed, and particularly during an investigation.

Besides, CDVM is currently working on setting up a new framework for the account opening regulation in order to enhance the protection of the securities market against abuses.

RESOLUTION CONCERNING INTERNATIONAL STANDARDS ON AUDITING

As of yet, there are no cross-border offerings by multinational issuers in Morocco. Thus, we have not reached the stage as which we can adopt this Resolution.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

For the time being, we do not have such conglomerates in Morocco. However, large financial groups are currently developing. While CDVM controls their securities related activities, the Central Bank supervises all their other activities.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

Futures and transnational securities are not currently traded in the Casablanca Stock Exchange. Therefore, CDVM is not in a position to implement such a Resolution.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

As of yet, there are no cross-border offerings in Morocco.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

Derivative markets do not exist yet in Morocco.

N-54 Stichting Toezicht Effectenverkeer - Netherlands (The)

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

Proposals to eventually implement the Principles through the legislation and existing self-regulatory structure are however being evaluated.

RESOLUTION ON MONEY LAUNDERING

Introduction
From February 1st, 1994 financial enterprises (including banks and securities firms) in The Netherlands will have to disclose unusual transactions and check their customers' identity more frequently than they used to. The change arises from two Acts of Parliament that came into force with the aim of consulting money laundering, the Disclosure of Unusual Transactions (Financial Services) Act and the Identification (Financial Services) Act.

Disclosure of Unusual Transactions
Any person providing one of the following financial services on a professional or commercial basis in or from The Netherlands is obliged to disclose all unusual transactions:

- taking custody of money, securities, precious metals, or other assets;
- opening accounts in which a balance may be held in the form of money, securities, precious metals, or other assets;
- crediting or debiting such accounts;
- hiring out safety deposit boxes;
- cashing share coupons, bond certificates, and similar negotiable instruments;
- concluding life insurance agreements and brokering such agreements;
- making payments in connection with life insurance agreements;
- exchanging guilders for foreign currency;
- issuing credit cards.

An unusual transaction is defined as one that meets one or more of a number of indicators, a checklist of which was published with the new Act. The indicators come in two categories: objective and subjective. An objective indicator would apply, say, in a

situation where a person bought shares worth more than NLG 25 000 and paid their stockbroker in cash.

"Other unusual transactions" include situations in which disclosure is compulsory if the person providing the financial service believes that certain indicators apply.

All financial transactions of an unusual nature, either intended or already performed, must be disclosed immediately to the Unusual Transactions Disclosures Office.

Money laundering and complicity in it are both criminal offences.

Identification in Connection with Financial Transactions
The Identification (Financial Services) Bill has made it compulsory for financial enterprises to check their customers' identity documents more frequently.

The basic principal is that a financial enterprise may provide certain financial services only once it has established the customers' identity. There is a distinction between situations in which identification is compulsory if a transaction exceeds a certain amount and those in which identification is always compulsory.

Penalties
Anyone who refuses to comply with the disclosure and identification obligations is committing an offence and is liable to a fine or up to two years in prison.

Position of the Securities Board of The Netherlands
The Board is a participant in the Supervising Group of the Disclosures Office which process the disclosures and may conduct further inquiries.

In 1992 the Board has introduced rules which require securities firms to dispose of an adequate administration system, including an audit trail, to combat fraudulent practices as, inter alia, the improper registration of clients' names.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

We intend to apply the measures on transnational securities and futures fraud within our jurisdiction.

N-55 Securities Commission - New Zealand

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles have been implemented through existing rules of law and practice. In addition copies of the Principles have been communicated to virtually all the financial institutions and investment advisers in New Zealand.

RESOLUTION ON MONEY LAUNDERING

New Zealand is a member of the Financial Action Task Force. It has committed itself to evaluation and action in respect of the "40 recommendations" which comprise the FATF programme.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The Commission agrees to adopt the Resolution in respect of IAS 7.

The Commission will, on application by individual issuers, accept cash flow statements prepared in accordance with IAS 7 as an alternative to statements prepared in accordance with New Zealand accounting standards in respect of a cross-border offering by a foreign issuer into the New Zealand market. The Commission regrets that, for the moment at least, it is unable to give any assurance in respect of continuous reporting by foreign issuers.

N-56 Securities and Exchange Commission - Nigeria

RESOLUTION CONCERNING MUTUAL ASSISTANCE

The Nigerian SEC has signed this IOSCO Resolution and has started implementation.

We have offered assistance in this regard to United States of America SEC and we are working on cooperation agreements with similar agencies. Presently we offer mutual assistance on reciprocal basis.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

We already have these principles in our rules and regulations governing securities transactions.

The Commission has approved a Code of Conduct, encompassing these principles, applicable to all securities market operators both individuals and institutions.

There are also Codes of Ethics binding the Commission=s employees and the Stock Exchange members.

Legislations such as the Companies and Allied Matters Act, the Securities and Exchange Commission Act and the Banking Act make various provisions that give effect to these principles.

RESOLUTION ON MONEY LAUNDERING

The Nigerian Government has just promulgated its Money Laundering Decree No. 3 1995. The law is very broad, including the use of the securities market and covers in addition all the principles of this Resolution. The National Drug Law Enforcement Agency which administers this law has since begun effective war and campaign against money laundering.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

This Resolution is being effectively implemented under the various laws regulating the financial industry in Nigeria. In 1994 the Central Bank of Nigeria established a body known as the Financial Services Regulation Coordination Committee (FSRCC) whose functions include coordination of supervision of financial conglomerates. This body recognizes and implements all the principles of this Resolution. We, as a member of FSRCC introduced to that body IOSCO principles on cooperation and mutual assistance which has been adopted by all the Federal Government agencies making up the FSRCC.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The Commission presently applies some of the principles of this Resolution through its rules and regulations. The SEC Act, the Exchange Control Act (repealed June 1995) and the Nigerian Enterprises Promotion Act (repealed June 1995) were laws under which these principles are recognized and implemented.

The Commission uses the special police - the Federal Investigation and Intelligence Bureau, the SEC Investigation Department staff and its Enforcement Division to implement this Resolution.

N-57 Kredit Tilsynet - Norway

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

Existing screen-based system does not have a trading function but only an information function. Indicates that the Principles have not been adopted as such but are implemented, as much as they relate to the existing system, through the present body of regulation and practices.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles are implemented only indirectly and with a varying degree of authority in the legislation and market practices.

Principle No. 3 - Capabilities
Principle No. 4 - Information About Customers
Legal authority to enforce these Principles is weak.

Principle No. 7 - Compliance
Limited. As for breaching the law, BISC has different sanctions. Most important is probably the negative media exposure that follows our reports, which usually are public. We also have the power to stop the firm from doing business by either taking the license from what in broad terms could be described as the "compliance officer" or by directly

close the firm. This last sanction has never been used. Also we have the power to fine the firm if they do not comply with our injunctions.

If the firm breaks the rules made by "fondsmeglerforbundet", they have an Ethical Committee which will decide the matter. This Committee have not been very active. To this day they have handled one case.

RESOLUTION ON MONEY LAUNDERING

Norway endorsed the FATF report in 1991 and is currently in the process of implementing the forty recommendations in the report.

The Norwegian Parliament has ratified the European Economic Area Agreement (EEA). This Agreement entered into force on January 1st, 1994, and is through the EC Directive 91/308, committing Norway to take steps to prevent money laundering. The Norwegian regulation on Identification Control and Measures to Combat Money Laundering was amended by the Ministry of Finance on February 7, 1994 with legal authority in Act No. 40 of June 10, 1988 relating to financing operations and financial institutions. Cf. EEA Agreement Annex IX Item 23. The Ministry of Finance is presently in the process of revising Act on Securities Trading and Act on Securities Funds (UCITS) so that these regulations also can be fully adopted for the securities market.

However, according to the Resolution of the Presidents' Committee on Money Laundering, Norwegian law is basically sufficient to fulfil the requirements in Points 1. to 7.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The Act of December 7, 1956 concerning The Banking, Insurance and Securities Commission provides for the supervision of commercial banks, savings banks, insurance companies (including agents of foreign insurance companies), financing businesses, loan intermediaries, brokerages and other securities trading businesses, real-estate brokers and other undertakings to the extent decided in or pursuant to statute. According to the same Act, when an institution as mentioned above forms part of a group, also other companies within the group shall be subject to the supervision provided by this Act. The act provides for the supervision of a group's business which does not fall within the scope of the Act, whenever the interest of effective supervision so require.

The Act of June 10, 1988 concerning financing operations and financial institutions was amended December 6, 1991, whereby a whole new chapter concerning financial conglomerates was added, with provisions and pertinent regulations governing the operations of such conglomerates.

We shall subsequently comment each of the eight principles governing the supervision of financial conglomerates, as determined by the Presidents' Committee:

1. *Group-Based Risk Assessment*
All firms within a financial conglomerate in Norway are subject to supervision by The Banking, Insurance and Securities Commission, to the extent this is deemed necessary by the Commission.

2. *Investments in Other Group Companies*
Investments in other group companies are regulated by the Financing Operations Act and scrutinized during the process of approving the structure of a financial conglomerate. Ownership restrictions and restrictions concerning capital transfers apply also to companies within a group. Consolidation rules apply for ownership above 20%, or even above 10%, if so required by the Commission.

3. *Intra-Group Exposures*
The provisions concerning financial conglomerates in the Financing Operations Act also set restrictions and requirements concerning intra-group exposures and transactions between companies within a group. The Act authorizes the Banking, Insurance and Securities Commission to further regulate this area.

4. *Structure of Financial Conglomerates*
The creation of financial conglomerates, including their corporate structure, is subject to approval under the Financing Operations Act. The approval may be given contingent upon certain changes in the structure. We can thus require certain ownership-structures or structural changes which enable an effective supervision of the conglomerate.

5. *Relationship with Shareholders*
With certain exceptions, nobody may own more than 10% of the share capital in a financial institution. Strict consolidation rules apply which prevent the formation of groups with material influence. Voting restrictions apply as well. Amendments to current regulation pertaining to fitness standards for managers

and owners have been proposed in connection with the adaptation of current laws to EC-regulation.

6. *Management*
Current legislation provides for sanctions on managers such as fines and imprisonment. Other severe penal provisions may apply. Offenses are punishable also when committed by negligence. Regulations concerning fitness standards will be implemented in the future.

7. *Supervisory Cooperation*
The effectiveness of the supervision of financial conglomerates is ensured due to the broad jurisdiction of the Banking, Insurance and Securities Commission and a high level of inter-departmental cooperation within the Commission. As mentioned above, the Banking, Insurance and Securities Commission supervises all financial institutions, and has the authority to supervise all companies within a financial conglomerate.

8. *External Auditors*
According to the Financing Operations Act, the companies within a conglomerate are required to have the same auditor. The external auditors contribute thereby to a group-based risk assessment because of their overall responsibility for the financial conglomerate, including its subsidiaries.

We are already applying, within our jurisdiction, the principles of supervision of financial conglomerates, and accordingly endorse the Resolution of IOSCO's Presidents' Committee.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

According to Oslo Stock Exchange, the supervisory authority of listing of securities, Norway do accept cash flow statements prepared in accordance with IAS 7 in connection with cross-border offerings and continuous reporting by foreign issuers.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

A majority of the concerns included in the Resolution on Coordination Between Cash and Derivative Markets fall within the responsibility of the Oslo Stock Exchange. Even though The Banking, Insurance and Securities Commission is responsible for monitoring the securities markets in general, the Oslo Stock Exchange is an independant institution not subject to our supervision. We have, however, entered into a detailed cooperation agreement with the Oslo Stock Exchange, which will enable as to follow up the intentions of the Resolution.

N-58 Muscat Securities Market - Oman (Sultanate of)

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles are implemented in the legislation.

N-59 Ontario Securities Commission - Ontario

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

Staff has reviewed the Securities Act (Ontario), the Regulation thereunder as well as the General By-Law of the Toronto Stock Exchange and the Regulations of the Investment Dealers Association and have determined that these Principles are already effective in Ontario under the existing regulatory structure.

RESOLUTION ON MONEY LAUNDERING

The Ontario Securities Commission is in full agreement with the Resolution. The Commission has, for some time, been considering the matters raised in that Resolution. Staff of the Commission has also liaised with the Federal Government on the broad issues involving money laundering.

The Ontario Securities Commission will continue to consider the areas of concern as outlined in the Resolution and will implement any improvements where appropriate.

In May 1998 the Federal Government released a consultation document on proposed anti-money laundering measures. The document contains a number of proposals to improve detection, prevention and deterrence of money laundering in Canada.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

OSC staff continues to assess the regulatory model proposed in the IOSCO Resolutions in light of recommendations made by the Tripartite Group and the ongoing work in this area by the Joint Forum on Financial Conglomerates. Formal consultations with Canadian securities regulators, self-regulatory organizations, the Bank of Canada, Canada Deposit Insurance Corp., and the Federal Office of the Superintendent of Financial Institutions on the appropriate ways to coordinate oversight of Canadian financial conglomerates are under way.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The Ontario Securities Act requires reporting issuers to prepare financial statements in accordance with generally accepted accounting principles (GAAP) as set out in the Handbook of The Canadian Institute of Chartered Accountants (CICA). In June 1998, the CICA issued a revised standard on Cash Flow Statements effective for periods beginning on or after August 1st, 1998. This revised standard is largely based on IAS 7. As a result, in most cases, a cash flow statement prepared by a foreign issuer in accordance with IAS 7 would be, in all material respects, in compliance with Canadian GAAP and would be accepted without reconciliation.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The Ontario Securities Commission has already implemented items 1 to 5 of the Resolution. Items 6 and 7 are matters which the Commission continues to work on, particularly through its involvement with IOSCO, NASAA and the Enforcement Committee of the Canadian Securities Administrators.

RESOLUTION ON ENFORCEMENT POWERS

The OSC maintains public files which contain disclosure made by reporting issuers or other market participants which are required by the Securities Act. Such information includes financial statements, annual reports, press releases and material change reports. There are no barriers to disclosing this information and it is normally available to any agency upon request. The OSC obtains non-public information in the course of its compliance review activity and its enforcement investigative activity. Privacy legislation and the manner in which the OSC obtained the information, that is voluntarily or by compulsion, impacts our ability to disclose information to a third party.

RESOLUTION ON PRINCIPLES FOR RECORD KEEPING, COLLECTION OF INFORMATION, ENFORCEMENT POWERS AND MUTUAL COOPERATION TO IMPROVE THE ENFORCEMENT OF SECURITIES AND FUTURES LAWS

The OSC maintains public files which contain disclosure made by reporting issuers or other market participants which are required by the Securities Act. Such information includes financial statements, annual reports, press releases and material change reports. There are no barriers to disclosing this information and it is normally available to any agency upon request. The OSC obtains non-public information in the course of its compliance review activity and its enforcement investigative activity. Privacy legislation and the manner in which the OSC obtained the information, that is voluntarily or by compulsion, impacts our ability to disclose information to a third party.

N-61 Comisión Nacional de Valores - Panama

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

We agree with the Resolution and we are prepared to implement it.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

We agree to implement and to use in our country the IOSCO Resolution Concerning Transnational Securities and Futures Fraud.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

We agree to implement and to use in our country the IOSCO Resolution on Coordination Between Cash and Derivative Markets.

N-63 Comisión Nacional de Valores - Paraguay

RESOLUTION ON MONEY LAUNDERING

Not applicable at this time due to number of transactions in market.

Due to the still modest movements which still register our Stock Exchange in Paraguay + / - 10 000$ U.S. (ten thousand $ U.S.) daily, the application of such standards are irrelevant.

We remember you that our Stock Exchange and products of Asunción, begun operations for the first time on October 1994, with only two issuers quoting daily, without public titles nor shares of enterprises in transaction of privatization.

N-64 Comisión Nacional Supervisora de Empresas y Valores - Peru

RESOLUTION ON COOPERATION

The IOSCO Resolution on Cooperation has been implemented in Peru through a new Securities Market Law (Decreto Legislativo N° 861) which has been passed in October 1996. On the other hand, we have signed 8 MOUs with other regulators from our region and a Letter of Intent with the U.S. SEC.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

These principles have been included in our regulation (Law No. 755 of November 13, 1991 which was put into effect on January 1st, 1992).

RESOLUTION ON MONEY LAUNDERING

Through the implementation of a reception of orders and assignment of operations system CONASEV, acting within its framework as defined by the appropriate laws, has improved aspects regarding customer identifying information and record-keeping requirements to reconstruct financial transactions in the securities market.

1. Customer Identifying Information

This is compulsory for brokers. They are liable of sanctions if they do not provide the identity of their clients.

Stockbrokers must register customer identifying information in a data card (whether individuals or corporations, their nominees if any, type of orders and signature), provide customers with an identification code and have totally automated systems that allow the reception and registration of orders and the assignment of operations under the principle of "first in, first out".

Identification codes, which appear in each data card, are made up of ten (10) digits. The first four digits show:

1st Digit - Type of Customer:

1 = Individual
2 = Corporation
3 = Mutual fund
4 = Private pension fund

2nd Digit - Nationality:

1 = Peruvian
2 = Other

3rd Digit - 1st Link:

1 = Association with stockbroker exists
2 = No association with stockbroker
3 = Stockbroker making operations on "own account" (stockbrokers only)

4th Digit - 2nd Link:

1 = Portfolio management contract
2 = No portfolio management contract

The last six digits show the customer code given by the Stock Exchange, otherwise the one provided by the stockbroker.

Stockbrokers must update and keep confidential the information held in the data cards, which is monthly send to CONASEV through magnetic media.
Ref. Decree No. 755, Resolutions No. 287-93-EF/94.10.0 and No. 910-91-EF/94.10.0 of the CONASEV.

2. *Record-Keeping Requirements to Reconstruct Financial Transactions in the Securities and Futures Markets*
Trade data must be kept by the brokers and the Stock Exchange for at least five years.

Stockbrokers must send to CONASEV (through magnetic media) on a daily basis the information regarding operations (including those made on "own account") and assignments. This information is crucial for the reconstruction of financial transactions.

3. *Identification and Reporting of Suspicious Transactions*
This recommendation is not implemented, however, the implementation of the reception of orders and assignment of operations system constitutes a step forward in this direction since it allows a fast and trustworthy identification of the individuals and / or corporations that could have taken part in money laundering transactions.

4. *Procedures to Prevent Criminals from Obtaining Control of Securities and Futures Business*
Brokers must, before being authorized to operate, present a declaration signed under oath indicating that they have not been bankrupt and have no criminal record. This declaration is presumed to be true.

5. *Procedures Designed to Deter and Detect Money Laundering*
There is no specific program to prevent money laundering activities.

6. *The Use of Cash and Cash Equivalents in Securities and Futures Transactions*
The use of cash in securities transactions in Peru is rare. It is not however prevented by law.

7. Most Appropriate Means to Share Information in Order to Combat Money Laundering

No specific measures have been put in place to enhance the exchange of information with other authorities in order to prevent money laundering activities.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

In this respect, I let you know that there are not derivatives market in our country yet. However, given the development stage of our securities market in the normative aspects and in the characteristics of the market (trading levels, volume of traded securities, quantity of participant investors and the appearance of institutional investors such as mutual funds of investment and pension funds), there are conditions for the implementation of certain derivatives market such as the commodities exchanges and the trading of index futures, which have been studied. In relation to the first case, a bill has been submitted to the Congress. This proposed law would establish the commodities exchanges. Concerning to the second case, this Comisión Nacional Supervisora de Empresas y Valores - CONASEV (National Supervisory Commission for Companies and Securities) is evaluating the possibility of implementation of the trading of index futures.

Nevertheless, CONASEV recognizes that the recommendations given through the Resolution are very important to reduce the negative effects arising from the perturbations that the securities markets could have. These perturbations will be taken into account when we have the interaction of securities market and derivatives market in the near future.

On the other hand, although we do not have derivatives market, CONASEV will bear in mind what is related to the permanent communication that must be kept with the authorities from other Nations, in such a way that we engage to give information, if required, solve consultations and coordinate combined actions to take specific steps.

N-65 Securities and Exchange Commission - Philippines

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

Screen-based trading systems for derivative products do not presently exist in the Republic of the Philippines. Indicates that it will implement the Principles when the setting-up of such systems is considered.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles are implemented in existing laws, regulations, rules and practices.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

Even before the passage of this Resolution, the Philippines Securities and Exchange Commission has had on several occasions in the past extended cooperative efforts to a number of regulatory bodies by giving information on the corporate structure and activities of several commodity futures broker / merchants operating in the Philippines. Accordingly, we also fully support this Resolution.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

We will find ways to upgrade our present domestic standards to conform with Accounting Standard IAS 7.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The Philippines Securities and Exchange Commission fully supports this Resolution although at present we do not have any derivative market.

N-66 Polish Securities and Exchange Commission - Poland

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

Most Principles are implemented indirectly in the Polish legislation. The Polish Broker-Dealer Association, which is currently at the stage of organizing its structure and procedure, will be the future SRO responsible for setting the rules on conduct of business for the profession. The Securities Commission will strongly recommend to the Broker-Dealer Association that they apply the Principles.

Principle No. 4 - Information About Customers
Not implemented. No legal provisions as to the information concerning customer's financial status.

Principle No. 5 - Information for Customers
Not implemented. No provisions in the Act or anywhere else concerning informing the customer on market situation, risks involved and other information material for the transaction.

Order form includes general information concerning the securities firm.

Currently there are no licenced financial advisers. The Securities Commission intends to organize an exam in the nearest future. Until then financial advising on publicly traded securities is prohibited.

RESOLUTION ON MONEY LAUNDERING

The Polish regulations related to this issue are partly answering the Resolution's recommendations. Polish brokerage firms are obliged to keep their records in a way that the informations about each transaction and about each client can easily and at any time be furnished upon the request of the Securities Commission.

Polish securities regulation does not entirely meet the requirements referred to in Points 1, 3, 4, 5 and 7 of the Resolution. For this reason, Polish Securities and Exchange Commission intends to introduce adequate provisions with the amendments to the Securities Act that will be soon presented to Polish Parliament. Also, all Polish

brokerage firms were informed about the contents of all IOSCO recommendations accepted during the last Annual Meeting.

On the other hand, I would like to stress that the majority of Polish brokerage firms are run by the banks. They are subjected to the supervision not only of the Securities Commission, but also of the National Bank of Poland, the rules of which meet the requirements of Points 1, 2, 3, 5 and 6 of the Resolution.

The most difficult issue is to implement the measures referred to in Points 4 and 7 of the Resolution. At present, the Polish Securities and Exchange Commission cannot initiate such action, without entering in the field of competences of other governmental authorities.

N-67 Comissão do Mercado de Valores Mobiliários - Portugal

RESOLUTION ON COOPERATION

As the Comissão do Mercado de Valores Mobiliários (the "CMVM") is the agency that is responsible in Portugal for the supervision, regulation and promotion of securities markets, it passed this Resolution and is working on cooperation agreements with similar agencies from members of the European Union and from countries of other continents.

Under the Portuguese legal framework the CMVM is the competent authority of oversight for both the derivative and cash markets. Thus the CMVM is the authority in charge of the international cooperation, namely in order to provide information requested by other regulators of the said markets, under a Memorandum of Understanding or in a case by case basis.

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The CMVM is substantially in compliance with the Resolution.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

Statutory Order No. 142-A/91, of April 10, 1991, which approved the Portuguese Securities Market Code, established a set of standards for the activities of business intermediaries and these standards are in accordance with IOSCO Resolution.

There are codes of conduct for each class of financial intermediaries, setting out standards of ethics they have to follow in their activities.

Furthermore the implementation of the European Community Directive on investment services in the securities field (Council Directive 93/22/EEC) through the Decree-Law n° 232/96, December 5 confirms as well, the endorsement of those conduct of business principles.

RESOLUTION ON MONEY LAUNDERING

Statutory Order No. 313/93, of September 15, 1993, which transposed into the internal system European Community Directive 91/308/EEC, concerning prevention of the use of the financial system for money laundering, constitutes full implementation of the Resolution on this matter.

In addition the money laundering issue's Portuguese framework has been improved upon the Decree-Law n° 325/95 of December 2nd.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

This Resolution was implemented by Statutory Order No. 298/92, of December 31, 1992, which requires, for financial conglomerates, supervision on a consolidated basis and cooperation between regulators.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

As the Comissão do Mercado de Valores Mobiliários is the agency that is responsible in Portugal for the supervision, regulation and promotion of securities markets, it has implemented rules which meet the objectives of this Resolution, to which it subscribes.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

In Portugal, Accounting Standard IAS 7 was adopted in July 1993 through Accounting Directive No. 14, Presentation of Cash Flow, approved by the Comissão de Normalização Contabilística (Commission of Accounting Standards).

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The CMVM has been given due consideration to the issues identified in the three reports - *Contract Design of Derivative Products on Stock Indices*; *Measures to Minimize Market Disruption*; *Mechanisms to Enhance Communication Between Market Authorities During Periods of Market Disruption* - which form the basis for the Resolution.

N-68 Commission des valeurs mobilières du Québec - Quebec

RESOLUTION ON COOPERATION

The fundamental objective of this Resolution is to encourage members of IOSCO to adopt measures allowing the negotiation of bilateral and / or multilateral understandings which will enable jurisdictions to provide mutual cooperation and assistance and to provide documents, on request, subject to appropriate national law. The Commission des valeurs mobilières du Québec has already signed Memoranda of Understanding with other jurisdictions and cooperates regularly with American and European securities regulators. In fact, this Resolution is already implemented by the Commission des valeurs mobilières du Québec.

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The CVMQ thinks that the eventual adoption of the Principles as such is in the interest of all market participants. Nevertheless, the Principles are in fact implemented through the existing regulation.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles are implemented indirectly in the existing securities regulation. CVMQ however indicates that the regulation could be amended to explicitly integrate the Principles in a specific section.

RESOLUTION ON MONEY LAUNDERING

Under this Resolution, each IOSCO member should consider:

1. the extent to which customer identifying information is gathered and recorded by financial institutions under its supervision;

2. the extent and adequacy of record-keeping requirements;

3. the appropriate manner in which to address the identification and reporting of suspicious transactions;

4. the procedures in place to prevent criminals from obtaining control of securities and futures businesses;

5. the procedures in place to deter and detect money laundering;

6. the use of cash and cash equivalents;

7. the most appropriate means to share information in order to combat money laundering.

The Commission des valeurs mobilières has no problem with this Resolution, since it has already adopted provisions concerning money laundering. Under the Quebec Securities Act, market intermediaries have the obligation to obtain and to keep different data concerning their customers and their trades. In its Bulletin of June 11, 1993, the Commission has released a notice on Proceeds of Crime (Money Laundering). The Regulation on Proceeds of Crime imposes record-keeping requirements and related requirements on financial institutions, securities dealers and advisers, life insurers and other businesses.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

This Resolution states that the Presidents' Committee agrees that the principles set out in the Resolution should form the basis for the risk assessment of financial conglomerates and should be used, as far as possible, to guide the development of regulatory practice and regulatory cooperation in the area of financial conglomerates. The principles concern:

1. group-based risk assessment;

2. investments in other group companies;

3. intra-group exposures;

4. structure of financial conglomerates;

5. relationships with shareholders;

6. management of regulated entities;

7. supervisory cooperation;

8. external auditors.

We understand of course that it is as far as possible that the principles set out in the Resolution should form the basis for the risk assessment of financial conglomerates and should be followed in the development of regulatory practice and regulatory cooperation in the area of financial conglomerates. It should be pointed out, however, that in Quebec it is not always possible to abide by the letter of these principles. For example, while various federal and provincial regulators may cooperate and share information, there is no "lead regulator" whose fundamental role would be to ensure that any relevant information for the supervision of a conglomerate is shared promptly amongst all the regulators concerned to inform their actions.

While the role of external auditors is recognized by the Commission, we have no jurisdiction to "encourage" auditors, where they have serious concerns regarding the financial or operational condition of a regulated entity or a group, to bring these concerns to our attention, since chartered accountants in Quebec are not subject to the jurisdiction of the Commission.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The CVMQ intends to implement any step to ensure investor protection against unfair, improper or fraudulent practices, in accordance with the mission assigned to the Commission under Section 276 of Quebec Securities Act (R.S.Q., c. V-1.1).

However, many of the steps considered in IOSCO Resolution are already in place.

- Internal Measures -
Many forms of investment are subject to the Securities Act (the "Act"), including futures and derivatives (Section 1 of the Act and Section 1.1 of the Regulation Respecting Securities (the "Regulation"). This allows CVMQ to implement a framework of rules for persons carrying on business as securities dealers or advisers.

When the CVMQ is informed that companies or individuals carry on business as securities dealers or advisers without the registration required by the Act, many internal measures are possible to prevent investors being defrauded, including the following:

- The CVMQ may institute an investigation to aid it in the due administration of the Act and the Regulation (Section 239 of the Act);

- During an investigation, the CVMQ has important powers, including the power to subpoena witnesses (Section 241 of the Act) and the power to require the submission or delivery of documents (Section 242 of the Act);

- The CVMQ may order a person to cease any activity in respect of a transaction in securities (Section 265 of the Act);

- The CVMQ may order any person or category of persons to cease any activity in respect of a transaction in a particular security (Section 265 of the Act).

Cease-trading orders are issued by the CVMQ as decisions. These decisions are often sent to the press as press releases. In this manner, the public is informed of measures taken by the CVMQ against certain persons.

Moreover, in the course of certain investigations, the CVMQ transmits a warning to the press. These warnings describe a situation against which the public must be careful. For

example, it could be a brief summary of the activities of a boiler room and of the reasons for which the public should be careful.

The CVMQ has cooperated with the North American Securities Administrators Inc. (NASAA) since 1983 to publish folders aimed at the public. These folders are known under the name Investor Alert. Their aim is to inform the public concerning certain practices in the securities industry. For example, from 1984, the CVMQ has distributed an Investor Alert concerning futures and another concerning Penny stocks. We know that sometimes these securities are sold through boiler rooms.

- *Measures to Increase the Vigilance of Professionals and Intermediaries* -
The CVMQ supervises directly securities dealers and advisers, but it is also entrusted with the supervision of self-regulatory organizations (SROs). SROs have an important role to play with their members to prevent the participation by them in illegal securities transactions. The CVMQ and SROs are in close cooperation to ensure information exchange between them.

The CVMQ cooperates also with bodies devoted to consumer protection, because these bodies are often the first ones to be contacted by the public. It is essential that these bodies be in a position to refer consumers to the right agency in the shortest time possible.

- *Cooperation Under MOUs or Other Bilateral or Multilateral Instruments of Exchange of Information* -
The CVMQ cooperates closely with regulators of the other Canadian provinces. When the CVMQ is informed that illegal transactions, or transactions suspected to be illegal, are executed in more than one province, it contacts immediately the appropriate regulators. This approach has been effective in a number of cases.

The CVMQ has been one of the first Canadian regulators to favour the signing of MOUs for the exchange of information with other countries. Thus far, we have signed MOUs with the United States Securities and Exchange Commission, with the United States Commodity Futures Trading Commission, the Commission des Opérations de Bourse (France), the State Securities and Exchange Commission of Hungary and the Securities Supervisory Board of Romania.

These MOUs have been entered into to set up a system of mutual assistance between regulators in order to help them to enforce legislation and regulations concerning the organization and the operation of securities markets in their respective jurisdiction.

Even countries which have not yet signed a MOU with the CVMQ may expect its cooperation. Spontaneous exchange of information between regulators may be useful. We have had a fruitful experience in this area with Hong Kong Securities and Futures Commission.

- *Cooperation Between Regulators and Police* -
Investigations concerning fraudulent activities in securities are made by the economic section of Quebec Police Force. Although the CVMQ has no formal agreement with this Police Force, it cooperates with it on a regular basis to exchange relevant information and to provide it with expertise in securities matters.
CVMQ investigators also have good relations with the RCMP, the police force having jurisdiction on fraud at the national level.

- *Transnational Legal Instruments for Emergency Situations* -
In emergency situations, the CVMQ may use exceptional powers granted by Section 249 and following of the Act. In view or in the course of an investigation, the CVMQ may order the person who is or is about to be under investigation not to dispose of the funds, securities or other assets in his possession.

This power may be exercised in the context of cooperation with another country.

- *Enforcement of Foreign Decisions in Securities Matters* -
Taking into account market globalization, it is important to undertake serious discussions to find means to improve enforcement of foreign decisions in securities matters.

In Quebec, there is a legal basis on which it is possible to build relationships with foreign countries. The Civil Code, which states the general law concerning persons and property, provides that a decision rendered outside Quebec may be recognized and, where applicable, declared enforceable by the Quebec authority, except in certain specified cases (Section 3155).

Moreover, the Civil Code provides that the Quebec authority may order provisional or conservatory measures, even if it has no jurisdiction over the merits of the dispute (Section 3138).

As there exist already several agreements with Canadian provinces and certain States of the United States for the protection of children and the collection of alimony, there should be no insuperable difficulty to enter into agreements concerning foreign decisions in securities matters.

The CVMQ is ready to implement any appropriate measure concerning cross-border fraud in securities and futures matters. Toward this end, it extends its cooperation to all members of IOSCO.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

After consideration of Accounting Standard IAS 7, the CVMQ is ready to accept, in the context of cross-border offerings and of continuous reporting by foreign issuers, cash flow statements prepared in accordance with either IAS 7 or domestic accounting standards.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

This Resolution has already been implemented by the CVMQ.

We agree with the broad principles of this Resolution, which states that regulators should strive to make more effective the supervision of cash and derivative markets. We also agree that the coordination between these markets takes on a growing importance, not only at the domestic level, but also at the international level.

More specifically, concerning the design of contracts based on an index, although we agree with the substance of the Resolution, there is no future or option contract based on an index which is listed on the Montreal Exchange.

As for the XXM Index of the Montreal Exchange, although there is no written rule concerning its composition, the Board of Governors of the Exchange approves it only in so far as it addresses generally the aspects covered in the Resolution.

Concerning measures to minimize market disruption, the By-Laws of the Montreal Exchange contain several measures to minimize negative effects of market disruption, including circuit-breakers, position limits and price limits.

As for mechanisms to promote open and prompt communication between market authorities of cash and derivative markets during market disruptions, it is the practice of Quebec market authorities to favour the exchange of information in Quebec as well as in Canada and, if need be, at the international level.

RESOLUTION ON ENFORCEMENT POWERS

The Quebec Securities Act specifies that the Commission may order an investigation to aid it in the due administration of the Act and the regulations, or to repress contraventions to the Act, regulations or securities legislation of another legislative authority. The Commission has, for the purposes of an investigation, all the powers of a judge of the Superior Court, with the exception of the power to order imprisonment.

The Securities Act also specifies that the Commission may, according to law, make an agreement with a person or with an organization from Quebec or elsewhere, with a view to fostering the application of this Act or foreign legislation in matters of securities.

RESOLUTION ON PRINCIPLES FOR RECORD KEEPING, COLLECTION OF INFORMATION, ENFORCEMENT POWERS AND MUTUAL COOPERATION TO IMPROVE THE ENFORCEMENT OF SECURITIES AND FUTURES LAWS

The Quebec Securities Act specifies that the Commission may order an investigation to aid it in the due administration of the Act and the regulations, or to repress contraventions to the Act, regulations or securities legislation of another legislative authority. The Commission has, for the purposes of an investigation, all the powers of a judge of the Superior Court, with the exception of the power to order imprisonment.

The Securities Act also specifies that the Commission may, according to law, make an agreement with a person or with an organization from Quebec or elsewhere, with a view to fostering the application of this Act or foreign legislation in matters of securities.

Concerning "Record Keeping" and "Collection of Information" the Securities Act includes provisions that specify that every dealer or adviser shall keep the books, records and other documents required by regulation. Accounting books and registers must be retained for a period of at least five years.

N-71 The Monetary Authority of Singapore - Singapore

RESOLUTION CONCERNING MUTUAL ASSISTANCE

The Monetary Authority of Singapore (MAS) is cognisant of the need to enhance investor protection through the oversight of the internationalized securities market and for mutual cooperation and assistance amongst securities authorities. In this connection, the MAS is pleased to inform that the MAS has been providing such reciprocal assistance on an informal and bilateral basis between MAS and other securities authorities, as and when the need arises, within the parameters of our laws. This approach, in our experience, has served well the interest of mutual cooperation assistance between securities authorities.

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

MAS subscribes to the 10 general principles for oversight of screen-based trading systems for derivative products. In order to obtain regulatory approval to operate any screen-based trading system in Singapore, it is a pre-requisite for the system operator to satisfy the MAS that its system meets with domestic laws, business practices and other applicable standards and is able to operate a fair, orderly and transparent derivatives market. Besides ensuring system integrity and security, the operator must also demonstrate that it has the necessary technical capabilities to conduct surveillance, electronic audit trails, and provide the necessary assistance to MAS for investigation of offences by users of the system. MAS also adopts stringent admission criteria to ensure that system users have the necessary competence and integrity before they are allowed to have access to the system to market derivative products to customers.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles on Business Conduct are espoused in existing legislation and the rules and by-laws of self-regulatory organizations and are implemented in market practice.

RESOLUTION ON MONEY LAUNDERING

Singapore is a member of the Financial Action Task Force (FATF). Singapore has endorsed and implemented the 40 FATF Recommendations which includes those found in the IOSCO Resolution on Money Laundering. Singapore has enacted the Drug Trafficking (Confiscation of Benefits) Act which criminalizes the laundering of drug proceeds and enables the investigation, tracing, freezing and confiscation of drug proceeds and assets. Singapore has in place a system of reporting suspicious transactions by financial institutions. Guidelines on combating money laundering have been issued by The Monetary Authority of Singapore to all financial institutions. In addition, the Association of Banks, as well as Self-Regulatory Organizations, such as the Stock Exchange of Singapore and the Singapore International Monetary Exchange have also issued similar guidelines to their members.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

In general, the MAS applies even more stringent regulation than those principles set out in the IOSCO Resolution. Under Singapore securities law, a broker-dealer which is a member of the Stock Exchange is subject to minimum capital adequacy requirements and gearing limit, and limits on investments and exposures to single security and single customer. Its intra-group exposures and investments in other group companies are monitored through such investment limits. The maintenance of market credibility and integrity lies in our adoption of stringent admission criteria.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

Singapore has an accounting standard that is broadly identical to Accounting Standard IAS 7 (on cash-flow statements). Accordingly, Singapore already subscribes to the *Resolution Concerning Accounting Standard IAS 7* in the context of cross-border offerings and continuous reporting by foreign issuers.

N-73 Financial Services Board - South Africa

RESOLUTION CONCERNING MUTUAL ASSISTANCE

The FSB agreed on December 22, 1992 to provide assistance on a reciprocal basis for obtaining information related to market oversight and protection of each nation's markets against fraudulent securities transactions and designated a contact person to ensure timely processing of all requests for assistance.

RESOLUTION ON COOPERATION

The FSB entered into its first cooperation and consultation arrangement in March 1995.

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The FSB has adopted the principles for the oversight of screen-based trading systems for derivative products.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The FSB has recognized and implemented the principles through its regulatory structures and supervisory arrangements and promotes the principles throughout the country.

RESOLUTION ON MONEY LAUNDERING

In South Africa steps taken thus far in the Resolution on Money Laundering have been the adoption of national legislation in 1992.

Section 10 of the Drugs and Drugs Trafficking Act 1992 (Act No. 14 of 1992), which Act came into operation on April 30, 1993, deals with the obligation to report certain information to law enforcement agencies. In terms of Section 10 (3) and (4) of this Act members of licensed exchanges and portfolio managers are required to report any

suspected money laundering activities to the police and to furnish the latter with any requested details. The aforementioned subsections read as follows:

" (3) If:

(a) any stockbroker as defined in Section 1 of Stock Exchanges Control Act 1985 (Act No. 1 of 1985), or any person contemplated in paragraph (d), (e) or (f) of Section 4 (1) of that Act; or

(b) any financial instrument trader as defined in Section 1 of the Financial Markets Control Act 1989 (Act No. 55 of 1989), or any person contemplated in paragraph (f), (g) or (h) of Section 5 (1) of that Act;

has reason to suspect that any property acquired by him from any person in the ordinary course of his business is the proceeds of a defined crime he shall:

(a) as soon as possible report his suspicion to any designated officer; and

(b) at the request of that designated officer, furnish the said officer with such particulars as he may have available regarding the person from whom that property has been acquired.

(4) No obligation as to secrecy and no other restriction on the disclosure of any information as to the affairs or business of a customer or client, whether imposed by any law, the common law or any agreement, shall affect any obligation incurred by virtue of the provisions of subsection (2) or (3)."

Regarding the implementation of further steps to be taken as set out in the IOSCO Resolution, the matter is receiving urgent attention.

97-07-24

The FSB has considered the problem of money laundering. Three of seven issues are still receiving attention. The others were or have been implemented.

RESOLUTION CONCERNING INTERNATIONAL STANDARDS ON AUDITING

The auditing standards in South Africa are in the process of harmonization with the international standards and will be implemented late 1997 or early 1998.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

Receiving attention. The FSB however accepts the principles for the basis for the risk assessment of financial conglomerates and will use it to guide the development of regulatory practice and regulatory cooperation in the area of financial conglomerates.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The FSB is considering the issues that have not been resolved.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

It is advised that the Accounting Practices Committee ("APC") of the South African Institute of Chartered Accountants ("SAICA") is currently working on a proposed exposure draft on Cash Flow Statements which will be based primarily on IAS 7 (Revised).

1. In adopting an international standard, the procedure is as follows:

   (a) Major changes in standards which will have to be made to the corresponding local AC statement to bring it into line with the IASC standard.

   (b) Compromises made internationally which can be eliminated in the South African equivalent.

   (c) Allowed alternatives which can be deleted in the South African equivalent.

2. The issues in paragraph 1 above will then be submitted to the APC for consideration.

3. If agreement is reached the APC will issue an exposure draft with a technical release which will highlight the key issues in the document. It will include a questionnaire on the issues that require comment. This will facilitate consistency of the comments to be received.

4. Once comments have been received, a sub-committee of the APC will be appointed to consider the comments. This sub-committee will only recommend changes to be made if there are strong technical reasons to do so. The revised exposure draft will then be submitted to the APC for consideration and approval. Only if there is valid justification will the South African document depart from the IASC equivalent.

5. Once the APC has approved the document it will be submitted to the Accounting Practices Board for final approval.

From the above it is apparent that the South African equivalent of the IAS standard will always contain at least the minimum requirements of the international standard and will in fact, often contain more stringent requirements.

The process explained above normally takes place over a period of approximately twelve months. With regard to the South African equivalent of IAS 7 (Revised), SAICA is hoping to be able to issue an exposure draft on Cash Flow Statements in the later half of 1994 and therefore will hopefully be able to have a final statement in place approximately one year thereafter.

97-07-24

Implemented early 1996.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The FSB amended its legislation extensively in 1995 to provide for some issues and also amended the appropriate regulations early in 1997.

RESOLUTION ON COMMITMENT TO BASIC IOSCO PRINCIPLES OF HIGH REGULATORY STANDARDS AND MUTUAL COOPERATION AND ASSISTANCE

Self-evaluation completed in January 1997.

RESOLUTION CONCERNING CROSS-BORDER TRANSACTIONS

The Financial Services Board is already actively pursuing the signing of MOU's with foreign regulators (several have already been signed).

The FSB also actively encourages co-operation between domestic market authorities (SRO's).

There are default procedures in place for all South African markets. (For local and foreign clients).

There are arrangements in place for regulatory co-operation in emergencies, both domestically (FSB and the Reserve Bank) + SRO's.

Some facts about the FSB and regulatory cooperation.

Discussion of the FSB Situation
In terms of the appropriate legislation, the executive officer of the FSB is able to provide information to any foreign financial services regulatory authority relating to a particular financial institution, individual or anyone currently or previously involved in a particular institution or financial service. This is only subject to the proviso that the executive officer is of the opinion (taking the public interest into consideration) that this information is of importance to the relevant foreign financial services regulatory authority.

Discussion of Peripheral Legislation
Financial Services Board Act, 1990

Section 22 of the Financial Services Board Act, 1990, enables the executive officer of the FSB to provide information to any foreign financial services regulatory authority relating to a particular financial institution or a particular individual who is o r was involved in a particular institution or financial service if the executive officer is of the opinion that,

taking into consideration the public interest, such information will be of importance to the relevant foreign financial services regulatory a uthority.

Section 22 of the Financial Services Board Act refers to information relating to the affairs of the board or any other person acquired by a board member or member of staff in the performance of his or her duties or the exercise of his or her powers.

This will include information in FSB files or at the disposal of other members of FSB staff, common knowledge information derived from published sources such as newspapers and the Government Gazette (the latter dealing with: insolvencies, liquidations, etc.), and information derived from inspections in terms of the Inspection of Financial Institutions Act, 1984, as regards financial institutions, whether registered or not, and persons involved in such institutions.

Additional information may be obtained as follows:

- Some statutes empower the executive officer to obtain additional information from persons involved in particular financial institutions or suspected of so being involved, for example he Insurance Act, No 7 of 1943.

- As a member of the public, the executive officer has the right of inspection of certain public registers and records, such as the records kept by the Registrar of Companies.

Some Extracts from the Stock Exchanges Control Act, No 1 of 1985 and the Financial Markets Control Act, No 55 of 1989 are Quoted for Further Elucidation
Financial Markets Control Act, No 55 of 1989

S 28 -- Furnishing of Information to Registrar

The Registrar may by notice in writing require:

(a) a financial exchange or a member thereof;

(b) a recognised clearing house;

(c) any person approved in terms of Section 5 (1); or

(d) any other person who is carrying on business in contravention of Section 4 (1) or (2) or 5 (1), to transmit or furnish to the Registrar within a period stated in the

notice any document or information at the disposal of that financial exchange, member, clearing house or person relating to its or his affairs, and which the Registrar may reasonably require, and that financial exchange, member, clearing house or person shall comply with the relevant requirement of the Registrar to his satisfaction within the relevant period or within such further period as the Registrar may allow.

S 28A -- Disclosure of Information by Financial Exchange

Notwithstanding the provisions of any other law a financial exchange may enter into an agreement with any other exchange, whether domestic or foreign, to disclose information relating to a particular transaction, a member, officer or employee of a member or a buyer and seller of financial instruments if such information will be of importance to the relevant domestic or foreign exchange and that the disclosure will not be against the public interest.

Stock Exchanges Control Act, No 1 of 1985

S 45A -- Disclosure of Information by Stock Exchange

Notwithstanding the provisions of any other law, a stock exchange may enter into an agreement with any other exchange, whether domestic or foreign, to disclose information relating to a particular transaction, a member, an officer or employee of a member or a buyer and seller of listed securities, if such information will be of importance to the relevant domestic or foreign exchange and the disclosure will not be against the public interest.

S 46 -- Attendance of Certain Meetings by Registrar and Furnishing of Certain Documents to Him

(1) The Registrar or a person nominated by him may attend any meeting of:

(a) a committee or a subcommittee of that committee, and except for voting take part in all the proceedings at such meeting;
(b) the disciplinary tribunal contemplated in Section 2A (b) and may request an opportunity to be heard by such Tribunal.

(2) The president shall furnish the Registrar with all notices, minutes and documents which are furnished to members of the committee and a subcommittee of that

committee, as if the Registrar were a member of that committee and subcommittee.

(3) The provisions of subsection (2) shall apply mutatis mutandis to the chairperson of the disciplinary tribunal contemplated in Section 2A (b).

S 47 -- Furnishing of Information to Registrar

The Registrar may by notice in writing require:

(a) a stock exchange or a member thereof;
(b) any person approved in terms of Section 4 (1); or
(c) any other person who is carrying on business in contravention of Section 3 or 4 (1), to transmit to the Registrar within a period stated in the notice any document or information at that stock exchange's, member's or person's disposal and relating to that stock exchange's, member's or person's affairs which the Registrar may reasonably r e quire, and that stock exchange, member or person shall comply with the requirements of the Registrar to his satisfaction within the relevant period or within such further period as the Registrar may allow.

N-74 Comisión Nacional del Mercado de Valores - Spain

RESOLUTION ON COOPERATION

The implementation has been effective, and to prove it is the signature of 17 “Memoranda of Understanding” (MOUs): with the Comisión Nacional de Valores (Argentina) (two MOUs), the Superintendencia de Valores y Seguros (Chile), the Superintendencia de Valores (Colombia), the Securities and Exchange Commission (USA), the Commodity Futures Trading Commission (USA), the Commission des Opérations de Bourse (France), the Commission bancaire et financière (Belgium), the Comissão do Mercado de Valores Mobiliários (Portugal), the Comisión Nacional Bancaria y de Valores (Mexico), the Commissione Nazionale per le Società e la Borsa (Italy), the Comisión Nacional Supervisora de Empresas y Valores (Peru), the Comisión Nacional de Valores (Panama), the Comissão de Valores Mobiliários (Brazil), the Comisión Nacional de Valores (Costa Rica), the Securities and Futures Commission (Hong Kong) and the Bundesaufsichtsamt für den Wertpapierhandel (Germany).

The CNMV notified IOSCO of its suport to this Resolution, but in any case you can consider this note as a confirmation of it.

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

This Resolution was implemented by means of the Royal Decree 1814/91 approved on December 20, 1991 which regulates the official futures and options markets.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

This Resolution was implemented by means of the Royal Decree 629/93 approved on May 3, 1993 on conduct of business rules concerning securities markets, which is applicable to all the market intermediaries, and whose preamble expressly refers to the IOSCO principles and its contents are presided by them.

RESOLUTION ON MONEY LAUNDERING

The Spanish Government has prepared a Law on Money Laundering. This proposal, that will have a definite impact on market participants, will be implemented in accordance with the European Directive on Money Laundering and satisfies the Resolution of the Presidents' Committee.

The proposal is now in front of the Spanish Parliament and it is anticipated that it will be adopted shortly without any major amendments.

94-07-22

The Spanish Parliament has approved the Law. Regulations were published in first quarter of 1994.

The Law and Regulations meets all the points mentioned in the Resolution of the Presidents' Committee.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

This Resolution has been effectively implemented under the Law of proper resources and supervision on the consolidated basis of financial bodies approved on June 1st, 1992.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The CNMV has already implemented the measures mentioned in this Resolution and, in most cases, this implementation occurred before the Resolution of the Presidents' Committee was passed.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

In Spain, the body having jurisdiction in this area is not the CNMV, but the ICAC (Instituto de Contabilidad y AuditorRas de Cuentas, that is Institute of Accounting and Auditing). However, in order to promote the implementation of this Resolution, representative of CNMV transmitted the Resolution to the representatives of ICAC, in order that ICAC may accept the use of this standard in cross-border offerings and in continuous reporting by foreign issuers.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

- Concerning the first part of this Resolution relating to "contract design of derivative products based on stock indices" it can be stated that, although there is no specific legal provision governing this aspect of the derivative markets, the criteria and specifications content in this part of the document are generally observed in the Spanish markets.

- With reference to the part concerning "measures to minimize market disruption", the regulations of the Spanish Futures and Options Markets (MEFF Renta Fija and MEFF Renta Variable) already provide price limits, and actually the general regulation of said topic is focused on the goals mentioned in the Resolution.

- With respect to "mechanisms to enhance open and timely communication between market authorities of related cash and derivative markets during periods of market disruption", there is no legal provision on this topic.

N-75 Securities and Exchange Commission of Sri Lanka - Sri Lanka

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

It is still premature for us to take the measures suggested. We will file the Resolution for future reference at the appropriate time.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

Our securities market is largely confined to common stock and other securities such as debentures, and treasury bills are only beginning to appear in the market. Also due to exchange control regulations, foreign securities are not yet quoted or traded in our market.

The Resolution will be filled by us for future reference at the appropriate time.

N-76 Finansinspektionen - Sweden

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Resolution has been implemented in Sweden in the Securities Business Act (1991:981) and these rules came into force on January 1st, 1996.

RESOLUTION ON MONEY LAUNDERING

The Resolution has been implemented in Sweden in the Money Laundering Act (1993:768) and also regulations and general guidelines issued by the Financial

Supervisory Authority (FFFS 1994:9) and (FFFS 1994:10) these regulations and general guidelines, states inter alia routines for the prevention of money laundering. The act came into force on January 1st, 1994.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The Financial Supervisory Authority (FSA) is a government authority. The FSA supervises banks and other credit institutions, investment firms, mutual funds, stock exchanges, derivative exchanges, clearing organizations and insurance companies.

The FSA believes that the Swedish legislation and supervisory practice in broad terms fulfils the principles set up in the Resolution although there is not one set of legislative and regulatory provisions to financial conglomerates as such.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The Resolution has already been adopted in Sweden. According to the Swedish accounting recommendations published by the Swedish Organization of Authorized Auditors (FAR), there is already a reference to Accounting Standard IAS 7 as an alternative method for the establishment of cash flow statements.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The Resolution has not been fully implemented in Sweden. However, some parts of the Resolution has been implemented and the following comments can be made to reflect what has been done in Sweden.

The Financial Supervisory Authority (FSA) is the supervisory body for the derivative - and also for the cash market in Sweden. Furthermore, the FSA supervises the intermediaries.

With respect to the contract design of derivative products based on stock indices and measures to minimize disruption, the Resolution is in broad terms implemented within the rules of OM Stockholm, the derivative exchange in Sweden. According to a special rule in the Securities Exchange and Clearing House Act, a derivative exchange can only

approve options and futures for listing and trading provided that there is significant trading with a reliable pricing of the assets on which the option or future is based.

With respect to measures to minimize market disruption mandatory rules regarding this are stated in the Secuities Exchange and Clearing House Act. The Exchange has the power to stop the trading in one or more of the listed contracts at the exchange. If the Exchange does not comply with these rules the FSA may decide that the trading in such contracts shall be suspended.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The FSA has already considered several of the issues in the above Resolution. The FSA is also planning certain activities concerning these issues in cooperation with the market participants and the police authorities. However, considering the limited resources available, the FSA makes reservations to the first and the last issues in the Resolution regarding education of the public and the improvement of means for repatriation to customers of funds that have wrongly been obtained.

N-77 Commission Fédérale des Banques - Switzerland

RESOLUTION CONCERNING MUTUAL ASSISTANCE

The Swiss Federal Banking Commission is in a position to implement the Resolution Concerning Mutual Assistance within the extent permitted by the Stock Exchange and Securities Trading Act (SESTA) which came into force on February 1st, 1997 (first part) and on January 1st, 1998 (second and final part).

RESOLUTION ON COOPERATION

The principles of the Resolution on Cooperation are met with the implementation of the Stock Exchange and Securities Trading Act (SESTA).

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

With the implementation of the Stock Exchange and Securities Trading Act (SESTA), the Principles are fully met by the Swiss Federal Banking Commission in its capacity of supervisor of the Swiss Stock Exchange and, where applicable, by the Swiss Stock Exchange itself when it acts, within the extent permitted by law as a self-regulator.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles are fully met with the implementation of the Stock Exchange and Securities Trading Act (SESTA), the guidelines issued by the Swiss Bankers' Association and the Rules and Regulations of the Swiss Stock Exchange.

RESOLUTION ON MONEY LAUNDERING

The Principles are met by Switzerland because it is a member of the Financial Action Task Force (FATF) and due to the extension, through the adoption and implementation of the Anti-Money Laundering Legislation on April 1st, 1998, of all previous existing anti-money measures – initially applicable to the banking sector only – to the entire non-bank financial sector.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

With the implementation of the Stock Exchange and Securities Trading Act (SESTA), the Swiss Federal Banking Commission is now empowered to also exercise a consolidated supervision on financial conglomerates that include broker-dealers. Consequently all financial conglomerates – whether they are banking groups (including their non-banking subsidiaries) or broker-dealers groups – are now being supervised by the Swiss Federal Banking Commission on a consolidated basis. The Principles of the Resolution on the Supervision of Financial Conglomerates are thus fully met.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The Principles are at least partially met because if somebody is exploiting a boiler room in Switzerland in the name of a foreign incorporated company or if a Swiss incorporated company is used for securities trading abroad, it will often be within the scope of the SESTA, the Banking Act of the Investment Fund Act. The matter at least will be investigated and all the information in this respect may be shared with foreign supervisors without notice to the investigated persons and companies.

N-78 Securities and Futures Commission - Chinese Taipei

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles are implemented indirectly in the legislation.

RESOLUTION ON MONEY LAUNDERING

Regulations regarding the implementation of the Resolution on Money Laundering have been dispersedly stipulated under various laws, such as Banking Law, Securities and Exchange Law, etc. For the time being, the "Law of Deterring the Money Laundering", as far as I can tell, is being comprehensively studied by our Ministry of Justice and about at its last stage toward completion. Hopefully, we can submit the final draft of the Law hereof to our Parliament in the nearest future.

As for the administrative acts adopted by the Ministry of Finance, mostly lay stress on promulgating rules to various financial institutions with regard to securing the best interests of their creditors as well as alerting their staff from abusing by money launderers.

N-80 Office of the Securities and Exchange Commission - Thailand

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

As there is no derivatives trading in the Exchange, we are unable to consider that Resolution for implementation at this time.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

We believe that the international conduct of business principles which are incorporated in this Resolution are substantially essential, useful and fundamental for a securities company. Furthermore, we strongly feel that customers will be well protected should a securities company comply with these principles. Hence, we are pleased to accept this Resolution.

RESOLUTION ON MONEY LAUNDERING

All suggested points of consideration indicated in this Resolution for the purpose of combatting money laundering are very comprehensive and beneficial. At this time, it is our Government's policy to develop, among other things, a legal framework to regulate money laundering. Various Government agencies, for instance, Office of the Juridical Council, Law Reform Commission, Criminal Procedures Code Revision Committee, Office of the Narcotics Control Board, Office of the Attorney-General, etc. are rigorously studying this issue. Adoption of this Resolution should, therefore, await the development of such legal framework. Hence, we are not, at this moment, able to accept this Resolution.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

We believe that the above mentioned Resolution consists of very useful and beneficial principles for the objective of risk assessment of financial conglomerates. As a result, we are pleased to accept that Resolution. Nevertheless, it should be noted that some principles, particularly, about supervisory cooperation and external auditors, are related to

other authorities. Hence, to implement those guidelines, we need to further consult with all parties concerned.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

We have reviewed the suggested points indicated in this Resolution especially number 1, 2, 3 and 4 which involve an education provided to investors on the securities transactions to allow them to be aware of fraud particularly boiler room fraud and other market abuses. With this regard, we regularly examine the financial status and the operation of securities companies as well as emphasize securities companies to comply with all regulatory requirements related to unfair practices of securities transaction. At present, we have signed a formal Memorandum of Understanding (MOUs) for both exchange of information and investigatory assistance with Hong Kong, Malaysia, Chile, Chinese Taipei, and Australia regulatory agencies.

Nevertheless, as for the suggested points of recommendations indicated in numbers 5, 6 and 7 for the purpose of developing a process on a cross-border basis with a view to punish the boiler room operators, freeze assets of boiler room operators and their principals as well as heighten the awareness of mail and telephone forwarding services as indicated in number 2, these require the legislative powers of Government and the Parliament to develop a legal framework and bilateral arrangements. Therefore, in order to accept this Resolution, we need to cooperate and consult with other related Government agencies, for instance, the Royal Thai Police Department, the Office of Attorney General, the Council of State, Ministry of Justice and Ministry of Foreign Affairs. In other words, we cannot accept this Resolution for implementation, at this time.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The accounting standard on statement of cash flow which complies with the IAS 7 has been implemented since January 1994.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

At present, there is neither futures and options market established nor futures and options contracts offered for sale and purchase in Thailand. As a consequence, Resolution on this issue is not yet applicable to Thailand. However, we believe that such Resolution consists of useful and comprehensive recommendations which are very important for relevant authorities to consider when a futures and options market becomes existing.

N-81 Trinidad and Tobago Securities and Exchange Commission - Trinidad and Tobago

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

Most Principles are implemented indirectly in the rules and regulation of the Trinidad and Tobago Securities and Exchange Commission.

Principle No. 4 - Information About Customers
Principle No. 6 - Conflict of Interest
Draft rules have been prepared and their implementation is being considered.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

Concerning the measures proposed to fight transnational securities and futures fraud, active consideration will be given to this Resolution of the Presidents' Committee.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

Since there is no derivative market in Trinidad and Tobago, the information in question is not applicable at this time.

N-82 Conseil du Marché Financier - Tunisia

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The new legislation concerning the Tunisian financial market includes all the IOSCO Conduct of Business Principles.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

We support entirely the spirit of this recommendation.

However, our securities market, in its present stage of development, due to its size and the financial instruments that are traded, is not directly affected by the Resolution, because it is a budding market, not yet open to cross-border listings and transactions.

We are nevertheless ready at any time to bring our support and our help to struggle against securities fraud and to provide the information that would be requested.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

We support entirely the spirit of this recommendation.

However, our securities market, in its present stage of development, due to its size and the financial instruments that are traded, is not directly affected by the Resolution, because it is a budding market, not yet open to cross-border listings and transactions.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

We support entirely the spirit of this recommendation.

However, our securities market, in its present stage of development, due to its size and the financial instruments that are traded, is not directly affected by the Resolution, because it is a budding market, not yet open to cross-border listings and transactions.

N-83 Capital Market Board - Turkey

RESOLUTION ON MUTUAL ASSISTANCE

We would like to provide assistance on a reciprocal basis for obtaining information related to market oversight and protection of each Nation's markets.

RESOLUTION ON MONEY LAUNDERING

As the CMB of Turkey, we would like to commit ourselves to the implementation of this Resolution. Our legal and institutional framework is already in accordance with especially some parts of the Resolution.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

As the CMB of Turkey, we would like to commit ourselves to the implementation of this Resolution. Our legal and institutional framework is already in accordance with the Resolution.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The Capital Market Board, as the regulatory body responsible for the orderly functioning of capital markets and the protection of securities investors, has taken various measures aimed at preventing fraudulent activities. With this aim, the Board has introduced detailed regulations on primary / secondary market activities, institutions operating in these markets, intermediary activities including investment advisory services, disclosure standards and so on.

On the other hand, parallel with the liberalization efforts in Turkish financial markets and increasing transactions at international level, the need for the cooperation among various authorities may emerge in terms of information exchange and enforcement assistance.

The same is relevant for futures markets in Turkey on which some studies have been carried out.

Within this framework, the Board has an intention to spend efforts to ameliorate the existing statutory and regulatory provisions as to include the transnational securities and futures fraud.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The studies concerning the derivative markets carried out by the Capital Market Board staff have mainly focused on futures markets. With this objective, some reports about the possibility of introducing commodity and financial futures contracts have been prepared.

On the legal side, the Capital Market Law of Turkey as amended on May 1992 has given the Board to regulate and supervise the institutions which will operate in futures exchanges and to design futures contracts.

In this context, the organization of futures markets constitutes an important item on the agenda and it is believed that these markets should be designed very carefully due to their complex nature and the interactions between cash and derivative markets, to avoid any market failure.

With this in mind the coordination between cash and derivative markets is of great importance and the Resolution of the Presidents' Committee on this issue will, and should, be taken into consideration in establishing legal and structural framework of derivative markets in Turkey.

N-84 Ukrainian Securities and Stock Market State Commission - Ukraine

RESOLUTION CONCERNING MUTUAL ASSISTANCE

We are ready to respect the Resolution Concerning Mutual Assistance because this type of Resolution helps protect investors' interests. We acknowledge the resulting obligations as long as they do not interfere with Section 31 of the Ukrainian State Secrets Act, which stipulates that information related to state secrets cannot be provided to outside parties unless authorised by a decree of the Ukrainian President or by international agreements ratified by the Parliament of Ukraine.

RESOLUTION ON COOPERATION

In order to implement the Resolution on Cooperation we propose that bilateral and multilateral discussions take place on issues related to the transmission of information. Presently the Ukranian legislation has some limitations in that regard. We are currently working on the elimination of existing obstacles to information exchange.

RESOLUTION CONCERNING INTERNATIONAL STANDARDS ON AUDITING

We are not ready to sign the Resolution Concerning International Standards of Audit. Our accounting system is not sufficiently close to international standards. We however keep in mind the possibility of eventual harmonisation with international benchmark standards.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The implementation of the Resolution on the Supervision of Financial Conglomerates is premature, as far as the Ukrainian legislation is concerned.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The implementation of the Resolution Concerning Accounting Standard 7 (IAS 7) is premature, as far as Ukrainian legislation is concerned.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The Ukrainian Securities and Stock Market State Commission ("Commission") does not have any jurisdiction over the monetary market. The implementation of the Resolution on Coordination Between Cash and Derivative Markets therefore only enables the Commission to affect derivative markets.

N-85 Financial Services Authority - United Kingdom

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

Has endorsed the Principles and has publicly issued them in the form of a Guidance Release (Release No. 2/91 issued in April 1991).

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles are implemented in the FSA "Principles and Core Rules for the Conduct of Investment Business".

N-86 United States Securities and Exchange Commission - United States of America

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

The SEC is substantially in compliance with the Resolution.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles are implemented through the combination of existing federal securities laws, Commission and self-regulatory organization rules, and common law.

RESOLUTION ON MONEY LAUNDERING

As you know, the Securities and Exchange Commission (the "SEC" or "Commission") was closely involved in the development of the IOSCO Report that formed the basis for the Resolution and, working together with other U.S. regulatory and criminal authorities, is firmly committed to preventing and combatting the use of the securities markets for money laundering purposes.

Below, we address various aspects of the SEC's anti-money laundering efforts that are relevant to implementation of the Resolution:

Overview

The SEC is responsible for the regulation of brokers and dealers in securities, which are deemed financial institutions under the Currency and Foreign Transactions Reporting Act, commonly known as the Bank Secrecy Act ("BSA"). The Commission's responsibilities with respect to money laundering are centered in the BSA. The BSA and implementing regulations adopted by the U.S. Treasury Department impose specific record-keeping and reporting obligations on financial institutions with respect to certain transactions in currency, the physical transport of currency into and out of the U.S., and the maintenance of foreign bank accounts. The SEC has the responsibility under the BSA for examining brokers and dealers registered with the Commission for compliance with these provisions. Money laundering concerns are identified through specific BSA examination protocol and, indirectly, through more general reviews of firms' financial conditions, trading activity and customer account information.[2]

Under the system of regulation for registered brokers and dealers, much of the routine examination, investigation and enforcement is carried out by self-regulatory organizations ("SROs"), subject to SEC oversight. The SROs with examination responsibility for the largest number of firms are the New York Stock Exchange ("NYSE") and the National Association of Securities Dealers ("NASD"). These SROs have statutory responsibility to enforce members' compliance obligations under the Securities Exchange Act of 1934 ("the Exchange Act") and the SROs' own rules.

Record-Keeping Requirements

In 1982, the SEC adopted Rule 17a-8 under the Exchange Act. This rule requires compliance by registered brokers and dealers with the record-keeping, reporting and record-retention obligations of the BSA, establishing the obligation that the SROs examine their members for compliance with those provisions. In addition to conducting routine examinations of firm financial and customer data related to compliance with the

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[2] Money laundering schemes may be accomplished through acts that independently constitute violations of the federal securities laws that may be prosecuted by the SEC. Accordingly, false records to hide the nature of particular transactions, sham trades or other acts in a money laundering scheme that violate the federal securities laws could result in an action by the SEC. In appropriate cases, the SEC may also refer violations of the federal securities laws (including those that may be part of a money laundering scheme) to the Department of Justice for criminal prosecution. The money laundering aspects of these actions can be pursued by other Government authorities, particularly the Department of the Treasury.

U.S. federal securities laws, including Rule 17a-8, SEC and SRO staff also conduct examinations of registered brokers and dealers for cause. Cause examinations, as they are known, are conducted in response to some special concern related to a firm, and in some instances include review for BSA compliance, even though the BSA was not the reason for conducting the examination.

Customer Identifying Information

Brokers and dealers are subject to customer identification requirements. They are required to obtain and maintain information regarding the identity of their clients in conjunction with their ordinary securities business, independent of money laundering concerns. The regulations require, among other things, that securities brokers and dealers maintain records that identify owners of all cash and margin accounts. These requirements are imposed both by the rules of the SEC and the SROs. See, e.g., Section 17 of the Exchange Act and Rule 17a-3 (a) (9) thereunder; Article III, Sections 2 and 21 of the NASD Rules of Fair Practice; and NYSE Rule 405.

Identification and Reporting of Suspicious Transactions

NASD and NYSE rules require brokers and dealers to develop compliance and supervisory programs for all areas of their business, including the development of programs to combat such practices as depositing large amounts of currency into accounts without proper reporting. These SRO rules also require broker-dealers to conduct stringent background reviews to screen brokerage firm employees for criminal or other disciplinary histories. See, e.g., SEC Rules 17a-8, 17f-2, 19h-1 and 29; NYSE Rule 342 and Article III, Section 27 of the NASD Rules of Fair Practice.

The SEC staff expects the scope of the SEC's and broker-dealers' responsibility with respect to guarding against money laundering to change under the Annunzio-Wylie Anti-Money Laundering Act of 1992,[3] once implementing rules are adopted by the U.S. Treasury Department. Significantly, the new law amends the BSA to authorize the Treasury Department to write rules requiring all non-bank financial institutions, including broker-dealers registered with the SEC, to report suspicious transactions and to implement specific anti-money laundering compliance programs which extend beyond the scope of the present currency-reporting obligations. The new law already enables broker-dealers to report suspicious transactions voluntarily, without fear of liability to their customers. The new obligations for brokers and dealers that will be created by

[3] Title XV, Pub. L. 102-550, 196 Stat. 3672 (1992) (codified in scattered sections of 12, 18, 22, 28 and 31 U.S.C.).

regulations to be promulgated pursuant to the Annunzio-Wylie Anti-Money Laundering Act should foster increased attention and understanding to guard against clients who might try to use the firms' services to launder funds. The Commission staff is working with the Treasury Department to develop effective regulations.

SEC Oversight and Sanctions

The brokerage community has been alerted through several means that, in addition to its obligations under the various reporting provisions, it faces potentially significant criminal and civil exposure under the anti-money laundering and forfeiture provisions of law directly enforced by the U.S. Departments of Justice and Treasury. In addition, brokers and dealers are subject, through SEC and SRO regulations, to comprehensive supervisory obligations with respect to their employees. Failure to meet these obligations may subject both brokerage houses and their employees to civil sanctions. Any violations of SEC Rule 17a-8 (in effect, the cash reporting, record-keeping and record-retention provisions of the BSA) by brokers and dealers or their employees may subject both firms and their managers to separate charges of failure to supervise employees.

For those anti-money laundering provisions within SEC authority, the Commission may obtain administrative sanctions limiting or terminating an individual's or entity's ability to operate in the U.S. securities industry. The SEC may also obtain injunctive relief and / or substantial monetary penalties. In addition, in certain cases, the SEC may refer an alleged violation for criminal prosecution to the U.S. Department of Justice or to the Department of the Treasury. The SROs may also sanction their members for violating the anti-money laundering record-keeping and reporting provisions. Possible SRO sanctions include the imposition of fines, limitations on securities activities and suspension or expulsion from membership (thus precluding participation in the U.S. securities industry).

Sharing Information to Combat Money Laundering

The SEC staff sends BSA-compliance reports to the Treasury Department twice per year. The reports summarize all SEC and SRO examination findings and enforcement actions related to the BSA, as well as other related information. Matters that involve potentially serious allegations of violations of the BSA or other money laundering violations are referred to the Treasury Department outside of the routine reporting cycle. In addition, the SEC has instituted at least 13 enforcement actions that included allegations related to the BSA (generally Rule 17a-8 violations) in the past eleven years.

The SEC staff also participates in regular meetings with other U.S. regulators of financial institutions directed at combatting money laundering. These meetings are chaired by the U.S. Treasury Department, and are complemented by individual meetings with particular

agencies, as appropriate. In addition, the SEC has assigned staff members to assist the Treasury Department and criminal authorities in various money laundering investigations. The Commission also has provided technical assistance to the Treasury Department in connection with initiatives of the multinational Financial Action Task Force and also shares information via its participation in IOSCO's work on preventing money laundering. Finally, the SEC is prepared, in appropriate cases, to share directly with foreign counterparts information related to specific money laundering investigations.

Based on the foregoing, I believe that the SEC's anti-money laundering program is fully consistent with the measures suggested in the IOSCO Resolution.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

We believe that the SEC's regulatory structure fully complies with the IOSCO principles for the supervision of financial conglomerates.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

As you know, the Securities and Exchange Commission ("SEC") was closely involved in the development of the IOSCO Report that formed the basis for the Resolution, and is firmly committed to ensuring the protection of investors from the type of fraudulent practices often associated with boiler rooms.

The SEC continuously reviews and reassesses its ability to protect investors from transnational retail securities fraud, with a view toward making such improvements as are necessary and appropriate. To that end, in recent years the SEC has taken a number of measures designed to: educate the retail investing public and market professionals about potential abuses; enhance the U.S. securities regulatory structure to deter abuses and, where appropriate, provide the SEC with the ability to take enforcement action against abusers; cooperate and exchange information with foreign securities authorities and other domestic authorities in boiler room cases; and consider means for enhancing its ability to obtain and effectuate cross-border asset freezes and repatriation.

In 1990, Congress passed the Securities Enforcement Remedies and Penny Stock Reform Act ("Penny Stock and Remedies Act") which provides a new regulatory scheme for Penny stocks. Among other things, the Penny Stock and Remedies Act gave the SEC

broad rule-making authority to regulate Penny stocks, and to sanction and prohibit future Penny stock activity by both associated persons of a broker-dealer and all other persons participating in an offering of a Penny stock. The SEC has adopted several rules designed to address Penny stock fraud, including: Rule 15c2-6 which sets out sales practice requirements for broker-dealers; Rule 15g-2, which requires a broker-dealer to provide the customer with a risk disclosure document relating to the Penny stock market; Rule 15g-3, which requires a broker-dealer to disclose, among other things, bid and offer quotations; Rules 15g-4 and 15g-5, which require disclosure of broker-dealer and salesperson compensation in connection with Penny stock trades; and Rule 15g-6, which requires a broker-dealer to send monthly account statements to its customers. The rules require that the disclosures be made both prior to the trade and at the time that it is confirmed to the customer. The SEC also amended Rule 15c2-11 to increase and clarify the obligations of market makers in Penny stocks.

The SEC aggressively pursues investigations and prosecutions of Penny stock fraud, and cooperates extensively with its foreign counterparts to exchange information for such investigations and prosecutions. For example, in May 1993, the Commission filed a civil action, "SEC v. Ramon D'Onofrio et al.", alleging that certain persons, including Ramon D'Onofrio, a recidivist securities law violator, had engaged in a scheme to artificially inflate the price of the stock of Kinesis, Inc. on the U.S. over-the-counter market, earning unlawful profits of approximately 1.6$ million. The complaint alleged that the defendants used a boiler room located first in Spain and later in Andorra to disseminate false and misleading information about Kinesis and to induce investors to purchase Kinesis stock. The Commission further alleged that the defendants had engaged in manipulative trading activity, largely through accounts in Canada. During its investigation, the Commission received assistance from authorities in British Columbia, Alberta, Ontario, Andorra, Spain and the United Kingdom.

Based on the foregoing, I believe that the SEC's program is fully consistent with the measures suggested in the IOSCO Resolution.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The SEC has amended its rules to accept cash flow statements prepared in accordance with IAS 7.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

As you are aware, the Commission, as a member of IOSCO's Working Party No. 2, was closely involved in the development of the three reports which form the basis for the Resolution. The Commission is firmly committed to promoting coordination between markets which trade derivative products and markets which trade the securities underlying those products. I find that the principles set forth in the Resolution provide valuable guidance regarding coordination between markets, and I believe that the operation of the Commission's regulatory programs is consistent with these principles. Communication and cooperation between market authorities in different jurisdictions is fundamental to investor protection and the efficient operation of markets.

N-87 Banco Central del Uruguay - Uruguay

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Banco Central of Uruguay has adopted on May 28, 1993 a set of regulations concerning the supervision of Stock Exchanges that implicitly includes most of the IOSCO Conduct of Business Principles.

ASSOCIATE MEMBERS

N-91 British Columbia Securities Commission - British Columbia

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The Principles are implemented either directly or indirectly in the legislation and through the existing SROs rules and regulations.

RESOLUTION ON MONEY LAUNDERING

The British Columbia Securities Commission strongly supports the Resolution of the Presidents' Committee on Money Laundering and is committed to continue its efforts to protect the integrity of the securities market from abuse by money launderers. British Columbia's *Securities Rules* generally meet the standard set out in the Resolution on Money Laundering particularly as they relate to client identification, record-keeping and transaction reconstruction.

The federal *Proceeds of Crime (Money Laundering) Act* came into force on March 26, 1993. On April 1st, 1993, the British Columbia Securities Commission issued NIN#93/8 – Money Laundering: New Federal Regulations. The purpose of the notice was to help registered dealers and advisers comply with the federal legislation on money laundering. The Investment Dealers Association (IDA) and the Vancouver Stock Exchange (VSE) also took steps to protect the market from money launderers. On March 4, 1993, the IDA issued Interpretation Bulletin C-55 – Proceeds of Crime (Money Laundering). The bulletin provides guidance for the interpretation of the federal legislation on money laundering. Subsequently, the VSE forwarded the IDA bulletin to all of its members. In addition, the surveillance division of the VSE incorporated the provisions of the new federal legislation on money laundering in their formal investigation procedures and actively investigative suspicious transactions.

In May 1998, the federal government released a consultation document entitled "Creation of a Suspicious Transaction Reporting and Cross-Border Currency Report Regime: Proposals to Amend the *Proceeds of Crime (Money Laundering) Act*". The consultation document contains a number of proposals to improve detection, prevention and deterrence of money laundering in Canada.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The staff of the British Columbia Securities Commission continues to assess the regulatory model proposed in the IOSCO Resolutions in light of recommendations made by the Tripartite Group and the ongoing work in this area by the Joint Forum on Financial Conglomerates. Formal consultations with Canadian securities regulators, self-regulatory organizations, the Bank of Canada, Canada Deposit Insurance Corp., and the Federal Office of the Superintendent of Financial Institutions on the appropriate ways to coordinate oversight of Canadian financial conglomerates are under way.

RESOLUTION CONCERNING TRANSNATIONAL SECURITIES AND FUTURES FRAUD

The British Columbia Securities Commission has already implemented items 1 to 5 of the Resolution. Items 6 and 7 are matters that the Commission continues to work on, particularly through its involvement with IOSCO, NASAA and the Enforcement Committee of the Canadian Securities Administrators.

RESOLUTION CONCERNING ACCOUNTING STANDARD IAS 7

The British Columbia Securities Commission generally requires that the generally accepted accounting and auditing standards of the Canadian Institute of Chartered Accountants (CICA) be followed. The CICA reviews international accounting and auditing standards on an ongoing basis, and many such standards are similar to the relevant Canadian standards. In November 1997, the CICA approved a revised Handbook Section 1540 titled "Cash Flow Statements". The Section is based on International Accounting Standard 7 "Cash Flow Statements" and must be applied for fiscal years beginning on or after August 1st, 1998. In most major respects, cash flow statements prepared in accordance with the revised Section will comply with IAS 7. The determination of whether financial statements prepared in accordance with international accounting standards and audit reports prepared in accordance with international auditing standards will be accepted by the British Columbia Securities Commission is performed on a case-by-case basis.

RESOLUTION ON COORDINATION BETWEEN CASH AND DERIVATIVE MARKETS

The British Columbia Securities Commission adopted the IOSCO Resolution on Coordination Between Cash and Derivative Markets on October 3, 1997.

RESOLUTION ON ENFORCEMENT POWERS

The British Columbia Securities Commission has the power to order an investigation in respect of matters in British Columbia relating to trading in securities and exchange contracts in another jurisdiction.[4] An investigator appointed by the Commission under the *Securities Act* has the power to summon and enforce the attendance of witnesses, to compel witnesses to give evidence on oath or in any other manner (e.g. by affidavit), and to compel witnesses to produce records and things and classes of records and things. The ability of the Commission to share information or evidence with other securities regulators is not subject to any preconditions such as reciprocity or dual criminality.

The Commission will not compel evidence from a witness where no administrative or civil proceedings are contemplated in the foreign jurisdiction, and the evidence is sought for the exclusive purpose of assisting in the criminal prosecution of the witness. The Commission would generally provide information or evidence to a foreign securities regulator subject to the condition that the information or evidence be used only for the purpose of administering or enforcing the securities laws of the foreign jurisdiction. Any compelled evidence would be provided subject to the condition that the foreign regulator provide immunity with respect to the use of that evidence in any criminal prosecution or an undertaking that the evidence will not be used against that person in any criminal prosecution.[5]

Privacy legislation in British Columbia generally prohibits the disclosure by public bodies, such as the Commission, of any personal information relating to an identifiable individual. However, the legislation creates an exception to this prohibition by permitting any public body that is a "law enforcement agency" to disclose personal information to any other law enforcement agency in Canada or in a foreign country where it has entered into a written agreement for the sharing of that information. Although the matter is arguable, the Commission is of the view that it and foreign securities regulatory authorities are law enforcement agencies for the purposes of the legislation, and that the disclosure of personal information to other securities regulators would therefore be permitted in accordance with the terms of the foregoing exception.

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4 Until recently, the British Columbia Securities Commission also had the power to make an order to assist in the administration of the securities laws of another jurisdiction. This power was found unconstitutional and struck down by the Court of Appeal of British Columbia and the Commission has announced its intention to seek leave to appeal of the decision of the Supreme Court of Canada.

5 These restrictions on the use of compelled evidence are based on standards under the Canadian Charter of Rights and Freedoms.

RESOLUTION ON PRINCIPLES FOR RECORD KEEPING, COLLECTION OF INFORMATION, ENFORCEMENT POWERS AND MUTUAL COOPERATION TO IMPROVE THE ENFORCEMENT OF SECURITIES AND FUTURES LAWS

Record Keeping
The principles outlined in this part of the Resolution are implemented through existing requirements of the British Columbia *Securities Act* and *Securities Rules*.

Collection of Information
The British Columbia *Securities Rules* require that the record of an account show the name and address of the beneficial owners of the securities, exchanges contracts or cash held in the account if different from the client. In addition, an investigator appointed under the *Securities Act* has the power to require information as to the direct or indirect beneficial ownership of any public company or the beneficial ownership of bank or brokerage accounts. There are no banking or other secrecy laws which would prevent the Commission from obtaining this information.

Enforcement of Securities and Futures Laws and International Cooperation
See discussion under "Resolution on Enforcement Powers" above.

Removal of Impediments to Cooperation
The British Columbia Securities Commission is in agreement with the Resolution.

N-97 Commodity Futures Trading Commission - United States of America

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

On November 15, 1990, the Commission adopted as a statement of regulatory policy the ten Principles for the Oversight of Screen-Based Trading Systems for Derivative Products formulated by Working Party No. 7 on Futures. The Commission adopted the Screen-Based Principles to serve as general policy goals that will guide the Commission in resolving regulatory issues arising from screen-based trading systems.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

The regulatory structure of the Commodity Exchange Act and commissions Regulations promulgated thereunder currently reflect the principles. Further, many of the principles are addressed by the National Futures Association business conduct rules.

RESOLUTION ON MONEY LAUNDERING

We are pleased to report that the CFTC has considered and will continue to consider these important issues in connection with its ongoing enforcement and oversight responsibilities regarding futures and options markets and professionals in the United States of America.

As a member of the IOSCO Working Party on Enforcement and Exchange of Information, the CFTC took a very active role in the deliberations concerning and preparation of the Report, including the identification and analysis of the central issues raised in the Report. The CFTC also has worked and continues to work closely with the relevant United States Government agencies in seeking to implement the recommendations of the Financial Action Task Force ("FATF"), of which the United States is a founding member. The CFTC hopes that all IOSCO members will undertake the steps recommended in the Resolution, and will subscribe to the FATF recommendations, in order to protect the integrity of securities and futures markets and professionals from abuse by money launderers.

RESOLUTION ON THE SUPERVISION OF FINANCIAL CONGLOMERATES

The Commission has undertaken several initiatives which we believe generally reflect the concerns addressed by the IOSCO Principles.

In particular, Commission staff has recently begun crafting regulations to implement the Commission's risk assessment powers under the Futures Trading Practices Act of 1992. This legislation authorizes the Commission to obtain financial reports from futures commission merchants ("FCMs") regarding the activities of affiliates not subject to Commission regulation but that are reasonably likely to affect their financial or operational condition. These new regulations will be coordinated with the risk assessment regulations promulgated by the Securities and Exchange Commission last year, to avoid duplication.

In addition, prior to obtaining our expanded authority to collect risk assessment information, the Commission entered into an arrangement with foreign regulators to share risk assessment information on firms operating in multiple jurisdictions.

As the foregoing illustrates, the Commission has undertaken an approach to financial supervision that takes into account the IOSCO Principles on the Supervision of Financial Conglomerates.

N-98 North American Securities Administrators Association, Inc. (NASAA) - United States of America

RESOLUTION ON PRINCIPLES FOR THE OVERSIGHT OF SCREEN-BASED TRADING SYSTEMS FOR DERIVATIVE PRODUCTS

Has adopted at its April 20, 1991 annual meeting a Resolution endorsing all the Principles.

RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPLES

Has adopted, at its April 20, 1991 annual meeting, a Resolution endorsing all the Principles.